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NASH-KELVINATOR CORPORATION

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ANNUAL REPORT 1937

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To The Stockholders of Nash-Kelvinator Corporation:

This is the first annual report of Nash-Kelvinator Corporation, formed by the merger of The Nash Motors Company and Kelvinator Corporation. Your company's progress in the past year, in the opinion of your directors, bears out the wisdom of this merger. Both divisions of your company, Nash and Kelvinator (including Leonard) made good records in the fiscal year just ended. Nash increased unit production 109 per cent. This was due in part to the favorable business conditions prevailing during the first part of the year. It was due even more, we believe, to the aggressive program developed since the merger.

The net profits of Nash-Kelvinator Corporation for the fiscal period ended September 30, 1937 were $3,640,747, which amount is after depreciation and income taxes and provision for surtax on undistributed income. This net profit includes the earnings of the Nash Motors Division for the ten months since the close of the last fiscal year, November 30, 1936, and the earnings of Kelvinator Division for the nine months since the date of the merger, January 4, 1937. Owing to the change in the fiscal year of Nash, and to the merger, no accurate comparison is possible with the preceding comparable period, although for the respective full fiscal years ended in 1936, Kelvinator Corporation reported net profits of $1,552,162 for the twelve months ended September 30, 1936, and The Nash Motors Company reported net profits of $1,020,707 for the twelve months ended November 30, 1936, no provision for surtax on undistributed income being required of either company.

The consolidated balance sheet submitted herewith shows current assets of $40,939,818, including cash and Government securities of $14,357,398, and shows current liabilities of $9,195,637.

The employment contract with Mr. G. W. Mason, President of the Corporation, expired with the period ended September 30, 1937. Since that date, the Board of Directors has entered into a new contract with Mr. Mason for a further five years providing for a cash salary and five per cent of annual profits as defined in excess of $3,000,000 but with a fixed limit on the aggregate which may be paid. The contingent compensation of five per cent compares with ten per cent under the previous contract. Mr. Mason has also been given an option on 50,000 shares of the corporation's stock at a price of $15.00 per share. The stock for this option as well as the 57,727 shares required for existing employee stock purchase plans is more than covered by shares now in the treasury of the corporation.

SUBSIDIARIES AND INVESTMENTS IN OTHER COMPANIES

In addition to Nash and Kelvinator subsidiaries previously owned, which continued to function effectively during the past year, Nash-Kelvinator Corporation acquired in 1937 more than 55 per cent of the stock of Electromaster, Inc., of Detroit, Michigan, manufacturer of electric ranges and water heaters. The Appliance Manufacturing Company in which the Corporation has a 50 per cent interest started production of its washing machines in January, 1937. The option to purchase stock in Universal Cooler Corporation, which was contested by certain minority stockholders of that company, has been adjusted to a basis whereby Nash-Kelvinator Corporation relinquished its option on approximately half of the stock in question. Since September 30, 1937, the adjusted option has been exercised and the stock acquired. Refrigeration Discount Corporation had the most active year in its history in 1937, necessitating an increase in its capital from $2,500,000 to $3,000,000. This reflects the active development by your Corporation of the low income market for Kelvinator and Leonard products.

AUTOMOBILES

Nash has definitely strengthened its position in the motor car industry as evidenced by the increase in production for the year ended September 30, 1937 to 85,887 cars as compared with 40,903 cars in the preceding twelve months. This increase is more than 109 per cent, and compares with an increase in unit production for the entire industry of approximately 12 per cent for the same period. The dealer and distributor organization was increased more than 25 per cent, and the activities of those outlets were supplemented by much broader and more aggressive advertising and publicity. The Nash factories have been extensively revamped and expanded. More than $1,800,000 was spent on new equipment for the plants during the ten months period in addition to the heavy expenses required by the broad program of plant rearrangement. Production capacity and operating efficiency have both been greatly increased. Some of the executive activities and personnel of the Nash division have been moved to Detroit to permit greater corporate efficiency.

The 1938 Nash models first shown at the New York automobile show in October enjoyed a splendid public reception and are receiving a continuous and increasing public interest. These models pioneered conditioned air cars for winter driving, and the "Monitor-Sealed" principle in engine construction gives new operating economy and efficiency. These factors, together with a large number of important but less spectacular improvements, result in superior performance, economical operation and greater beauty.

REFRIGERATORS

The Corporation had the largest sales of refrigerator units in the history of Kelvinator and Leonard products, thus achieving the twenty-third consecutive year of continuously increasing sales. The new sealed unit in the 1938 Kelvinator and Leonard models is an adaptation of the reciprocating principle developed and proved by Corporation engineers during the past ten years. It has received hearty distributor and dealer support, indicative of consumer support in 1938.

OTHER ELECTRIC APPLIANCES

The prestige of the Kelvinator name now extends to major household appliances such as ranges, laundry equipment, water heaters, and automatic heating apparatus which gives a diversification of products which is important to the company and to its dealers and distributors.

AIR CONDITIONING AND KELVIN HOME

Sales of air conditioning apparatus, both for commercial purposes and for homes, increased during the year, and the dealer and distributor organization handling these products was definitely enlarged and strengthened. The corporation continued to co-operate with builders and architects throughout the country in the building of Kelvin all-electric homes, equipped with Kelvinator refrigerator, oil burner, electric range and air conditioning.

DIVIDENDS

The Corporation has paid three dividends of twenty-five cents each for the period from the date of the merger to September 30, 1937.

CONCLUSION

We have held our meetings of distributors and dealers for the Nash cars, for Kelvinator products and for Leonard products. All those distributing organizations are satisfied that the 1938 products are very distinct advances and improvements over previous products, and the best the Corporation has ever manufactured.

By order of the Board of Directors,

G. W. Mason,

President

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ERNST & ERNST
ACCOUNTANTS AND AUDITORS
SYSTEM SERVICE
DETROIT

December 15, 1937

Nash-Kelvinator Corporation,
Detroit, Michigan.

We have made an examination of the consolidated balance sheet of NASH-KELVINATOR CORPORATION and consolidated subsidiaries as at September 30, 1937 and of the consolidated statements of profit and loss and surplus for the period of ten months ended at that date. In connection therewith, we examined or tested accounting records of the Corporation and the consolidated subsidiaries and obtained information and explanations from officers and employees of the companies; we also made a general review of the accounting methods and of the operating and income accounts for the period of ten months ended September 30, 1937, but we did not make a detailed audit of the transactions.

As of January 4, 1937, Kelvinator Corporation was merged with The Nash Motors Company, which then changed its name to Nash-Kelvinator Corporation. The profit and loss statement and surplus accounts presented herewith cover the period since November 30, 1936 (being the date of the last annual report of The Nash Motors Company) to September 30, 1937. The aforementioned profit and loss statement includes the operating results of the Nash division and the wholly-owned subsidiaries formerly owned by The Nash Motors Company for the period of ten months ended September 30, 1937, and the operating results of the Kelvinator division for the period from January 4, 1937 to September 30, 1937.

All wholly-owned subsidiaries of the Corporation are consolidated in the statements submitted herewith, except Refrigeration Discount Corporation. The investment in this company and investments in controlled but only partly-owned subsidiaries are shown in the balance sheet at cost to Nash-Kelvinator Corporation or the merged Kelvinator Corporation, which cost is less than the aggregate of Nash-Kelvinator Corporation's equity in the capital and surplus of those companies. A balance sheet of Refrigeration Discount Corporation, as examined by us as at September 30, 1937, is included herein.

Sufficient provision, in our opinion, has been made for doubtful notes and accounts. Inventories were reviewed by us as to quantities, clerical accuracy and pricing, and it is our opinion that the values have been carefully established on the basis of the lower of cost or market prices after provision for, or elimination of, obsolete items.

Property, plant and equipment are included on the basis of cost with the exception of two minor properties revalued below cost in 1928 and certain classes of tools and dies which, in accordance with the practice of the two merged companies, are carried at fixed depreciated amounts.

Provision has been made for all ascertained liabilities at September 30, 1937 and reserves have been provided for anticipated service, warranty and other operating requirements.

In our opinion, based upon our examination, the accompanying consolidated balance sheet as at September 30, 1937 and the related consolidated statements of profit and loss and surplus for the period of ten months ended September 30, 1937 (including operations of Kelvinator division from January 4, 1937) fairly present the consolidated position of the Corporation and its consolidated subsidiaries at the date named and the results of their operations for the period stated. Further, it is our opinion that the statements have been prepared in accordance with accepted principles of accounting and on a basis consistent with statements of the merged companies for their preceding fiscal years.

ERNST & ERNST
Certified Public Accountants

CONSOLIDATED BALANCE SHEET

NASH-KELVINATOR CORPORATION AND SUBSIDIARIES

September 30, 1937

Current Assets			
Cash on hand and on deposit		$ 4,345,257.33	
U. S. Government securities at cost plus accrued interest (quoted market prices $10,080,354.16)		10,012,141.24	
Notes, acceptances, drafts and accounts receivable—trade	$ 4,849,672.71		
Less reserve	150,273.39	4,699,399.32	
Inventories—at the lower of cost or market		21,883,020.38	$40,939,818.27
Investments and Other Assets			
Investments in and advances to unconsolidated subsidiaries:			
Refrigeration Discount Corporation—wholly-owned	$ 2,800,000.00		
Other subsidiaries not wholly-owned	1,076,734.56		
Advances to such subsidiaries	211,392.02	$ 4,088,126.58	
Balances in closed banks, less reserve of $205,000.00		84,288.98	
Cash surrender value of life insurance		128,895.00	
Land contracts and real estate held for sale		303,129.43	
Traveling advances and accounts—employees and officers		63,777.40	
Miscellaneous investments, notes, accounts and advances		885,667.84	5,553,885.23
			496,321.83
			6,050,207.06
Property, Plant and Equipment			
Used in operations:			
Land, buildings, equipment and dies	$23,922,394.27		
Less reserves for depreciation	9,947,619.25	$13,974,775.02	
Not used in operations:			
Land and buildings	$ 1,388,677.78		
Less reserves for depreciation	557,086.97	831,590.81	14,806,365.83
Patents and Good will			2.00
Deferred Charges			
Prepaid taxes, insurance, rent and advertising		$ 355,638.94	
Inventory of office and advertising supplies and improvements to leased properties, less amortization		140,682.89	496,321.83
			$61,796,393.16

Investments in unconsolidated subsidiaries are stated at cost. The Corporation's aggregate proportion of their profits (less losses) in excess of dividends from date of acquisition by Nash-Kelvinator Corporation or the merged Kelvinator Corporation amounted to $663,176.24.

CONSOLIDATED BALANCE SHEET

NASH-KELVINATOR CORPORATION AND SUBSIDIARIES

September 30, 1937

Current Liabilities			
Accounts payable:			
For purchases, expenses, pay rolls, etc.	$ 7,714,918.08		
To unconsolidated subsidiaries	71,591.96	$ 7,786,510.04	
Accrued expenses		584,127.75	
Federal and state taxes on income—estimated		825,000.00	$ 9,195,637.79
Reserves			
For five-year warranty on refrigerators		$ 1,975,695.20	
For operating and service requirements, warranties and profit-sharing plans		611,490.57	
For contingencies		1,000,000.00	3,587,185.77
Capital Stock and Surplus			
Capital stock—$5.00 par value:			
Authorized—5,000,000 shares			
Issued and issuable on conversion of fractional scrip	4,375,600 shares	$21,878,000.00	
In treasury, of which 57,727 shares are reserved for existing stock-purchase plans	112,201½ shares	561,007.50	
	4,263,398½ shares	$21,316,992.50	
Surplus (Restricted in the amount of $561,007.50 representing the par value of shares held in the treasury):			
Capital surplus	$ 6,318,165.37		
Earned surplus	21,378,411.73	27,696,577.10	49,013,569.60
			$61,796,393.16

Contingent Liabilities:

(A) On guarantee of dividend and sinking fund requirements on the 7% preferred stock of Kelvinator of Canada, Ltd.—par value $496,000.00 of which Nash-Kelvinator Corporation owns $7,500.00. (B) On endorsement of installment contracts discounted with Refrigeration Discount Corporation, under an agreement with the same company to repurchase any repossessed product at the unpaid balance or to assume 25% of the loss on dealers' trust receipts when the merchandise cannot be repossessed; to pay to the same company from 25 to 33⅓% of the unpaid balance on certain retail contracts in case of repossession by the discounting dealers. (C) To repurchase from other finance companies repossessed cars floor-planned with dealers and repossessed refrigerators and cars sold at retail.

PROFIT AND LOSS STATEMENT

NASH-KELVINATOR CORPORATION AND SUBSIDIARIES

For the period from December 1, 1936 to September 30, 1937
(Including Kelvinator Division from January 4, 1937 to September 30, 1937)

Net sales		$80,553,800.93
Cost of goods sold	$66,345,342.86	
Selling, advertising and administrative expenses	10,110,222.23	76,455,565.09
OPERATING PROFIT		$ 4,098,235.84
Dividends received from controlled companies	$ 424,279.55	
Profit on sale of U. S. Government securities	957,959.68	
Interest on U. S. Government securities	347,240.01	
Sundry other income	249,478.18	1,978,957.42
		$ 6,077,193.26
Provision for five-year warranty on refrigerators	$ 908,600.00	
Sundry income deductions	702,845.75	1,611,445.75
PROFIT BEFORE FEDERAL AND STATE TAXES ON INCOME		$ 4,465,747.51
Provision for federal and state taxes on income—estimated:		
Income and excess-profits taxes	$ 745,000.00	
Surtax on undistributed profits	80,000.00	825,000.00
NET PROFIT		$ 3,640,747.51

Provision for depreciation in the amount of $977,421.24 has been deducted in the above statement.

The Corporation's proportion of the net income of unconsolidated subsidiaries, in excess of dividends received from such subsidiaries, amounted to $147,967.49 for the period of ten months ended September 30, 1937 (unconsolidated subsidiaries of Kelvinator Corporation are included only for the period from January 4, 1937 to September 30, 1937), which amount has not been included in the profit and loss statement.

CONSOLIDATED SURPLUS ACCOUNTS

NASH-KELVINATOR CORPORATION AND SUBSIDIARIES

For the period from December 1, 1936 to September 30, 1937
(Including Kelvinator Division from January 4, 1937 to September 30, 1937)

Capital Surplus			
Balance at December 1, 1936 (Being the capital and initial surplus shown at that date by the consolidated balance sheet of The Nash Motors Company and its subsidiary, Seaman Body Corporation)			$ 1,416,923.46
ADDITIONS			
Excess of the capital and capital surplus accounts of Kelvinator Corporation at January 4, 1937 over the aggregate par value of 1,645,600 shares of capital stock, $5.00 par value, issuable in exchange for outstanding stock of Kelvinator Corporation at date of merger		$ 5,753,462.24	
Excess of the capital account of The Nash Motors Company over the aggregate par value of 2,730,000 shares outstanding at January 4, 1937		237,000.00	
Excess of the consideration received on re-issuance of 16,093 shares of treasury stock over the par value thereof		36,615.00	6,027,077.24
			$ 7,444,000.70
DEDUCTION			
Reduction of 128,294½ shares of treasury stock of The Nash Motors Company and Kelvinator Corporation at date of merger to par value thereof			1,125,835.33
Capital Surplus—September 30, 1937			$ 6,318,165.37
Earned Surplus			
Balance at December 1, 1936 (Being the amount shown at that date by the consolidated balance sheet of The Nash Motors Company and its subsidiary, Seaman Body Corporation)		$17,630,907.77	
Add earned surplus of Kelvinator Corporation at January 4, 1937		3,550,508.44	
		$21,181,416.21	
ADDITION FOR THE PERIOD			
Net profit for the period from December 1, 1936 to September 30, 1937 (including Kelvinator division from January 4, 1937 to September 30, 1937)		$ 3,640,747.51	
Less: Dividends paid—$.75 a share	$ 3,193,560.11		
Merger expenses	250,191.88	3,443,751.99	
		$ 196,995.52	
Earned Surplus—September 30, 1937			21,378,411.73
Total Surplus			$27,696,577.10

Surplus is restricted in the amount of $561,007.50 representing the par value of shares held in the treasury.

BALANCE SHEET

REFRIGERATION DISCOUNT CORPORATION

September 30, 1937

ASSETS

Cash on hand and on deposit		$ 1,936,449.69
Notes, contracts and accounts receivable (A):		
Retail contracts—dealers and Kelvinator branches	$ 9,920,993.75	
Ice cream cabinet contracts	703,319.05	
Notes receivable from distributors and dealers—secured by trust receipts	1,202,817.43	
Miscellaneous notes and accounts receivable	113,807.85	11,940,938.08
Other assets:		
Balances in closed banks, less reserve of $51,256.32	$ 1,327.54	
Employees' traveling and other advances	1,671.72	2,999.26
Furniture and fixtures at cost, less accrued depreciation		21,327.77
Deferred charges:		
Prepaid interest	$ 27,431.28	
Prepaid taxes	27,299.73	54,731.01
		$13,956,445.81

LIABILITIES

Notes payable for borrowed money (A)		$ 9,100,000.00
Accounts payable:		
Withheld on retail contracts purchased	$ 458,796.74	
Due Nash-Kelvinator Corporation for contracts purchased, etc.	97,479.45	
For current expenses, etc.	18,261.79	574,537.98
Accrued capital stock and social security taxes		9,494.66
Federal taxes on income—estimated		62,548.50
Unearned discount and service charges		941,746.08
Reserve for losses on notes, contracts and accounts		235,406.48
Capital stock and surplus:		
Capital stock—authorized and issued	$ 3,000,000.00	
Earned surplus	32,712.11	3,032,712.11
		$13,956,445.81

(A) Notes, contracts and accounts receivable are held by a trustee, pursuant to a resolution of the board of directors dated October 2, 1936 as collateral security for all notes payable of the Corporation.

Refrigeration Discount Corporation,
Detroit, Michigan.

We have made an examination of the balance sheet of Refrigeration Discount Corporation (a Michigan Corporation) as of September 30, 1937. In connection therewith, we examined or tested accounting records of the Corporation and obtained information and explanations from its officers and employees; we have also made a general review of the accounting methods and of the operating and income accounts for the year but we did not make a detailed audit of the transactions.

In our opinion, based upon our examination, the accompanying balance sheet fairly presents the position of the Corporation at the date named. Further, it is our opinion that the statements have been prepared in accordance with accepted principles of accounting and on a basis consistent with the preceding year.

ERNST & ERNST
Certified Public Accountants.

Detroit, Michigan
December 15, 1937

NASH-KELVINATOR CORPORATION

DETROIT, MICHIGAN

DIRECTORS AND OFFICERS

September 30, 1937

DIRECTORS

P. J. Ebbott	New York City
G. W. Mason	Detroit, Michigan
C. W. Nash	Kenosha, Wisconsin
H. G. Perkins	Detroit, Michigan
H. T. Pierpont	Worcester, Massachusetts
Ernest Stauffen, Jr.	New York City
James T. Wilson	Kenosha, Wisconsin

OFFICERS

Chairman of the Board	C. W. Nash
President	G. W. Mason
Vice President	W. F. Armstrong
Vice President	H. G. Perkins
Vice President, Sales, Nash Motors Division	C. H. Bliss
Vice President, Sales, Kelvinator Division	H. W. Burritt
Vice President, Engineering, Nash Motors Division	N. E. Wahlberg
Vice President, Production, Nash Motors Division	R. B. Elliott
Secretary	Horace J. Mellum
Treasurer	Howard A. Lewis
Assistant Treasurer	G. H. Eddy
Assistant Secretary and Assistant Treasurer	G. V. Egan
Comptroller	W. R. Crosett
Assistant Comptroller	L. J. Holly
Assistant Comptroller	J. J. Timpy

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NASH-KELVINATOR CORPORATION

9-30-

ANNUAL REPORT 1938

To the Stockholders of Nash-Kelvinator Corporation:

Nash-Kelvinator Corporation had a net loss of $7,655,138 for the fiscal year ended September 30, 1938. This is after all charges, including provision for depreciation in the amount of $1,392,018. The financial position of the Corporation remains a strong one. Total current assets at September 30, 1938, amounted to $25,032,897, of which cash and government securities were $12,687,875 and inventories $10,403,134. The Corporation has no funded debt and its current liabilities amount to $3,681,904.

The Corporation's activities are in two major lines of industry—the manufacture and sale of automobiles, and the manufacture and sale of electric refrigeration and allied household appliances, including air conditioning. Both of these are volume industries, in that manufacturing must be done in large volume to be efficient, and thus distribution must be on a wide enough basis to permit rather complete coverage in the respective fields. Both of these industries suffered more drastic and sharper declines in volume in 1938 than did business as a whole. Each of these two major lines of activity contributed relatively to the final showing of net loss of the Corporation.

It is the belief of the Management and of the Directors that the substantial losses of the year are not indicative of the future of the Corporation and therefore it seems proper to present a discussion of the year just closed and of the present position in somewhat more detail than has been the custom in the past.

NASH DIVISION

With respect to automobiles, the Corporation entered its fiscal year beginning October 1, 1937, with a model and style of automobile which was believed to mark substantial forward progress in the industry, especially in its own particular developments of conditioned air for winter driving and of soundproofing. Motors had an extremely high standard of performance and the bodies had outstanding beauty. The Corporation confidently expected to increase its proportion of the total number of automobiles sold and to strengthen its dealer organization both in numbers and quality, and the advertising and sales campaigns were laid out upon that basis. Sales for the first quarter of the year bore out those expectations, but with the continued decline in total automobile sales volume, Nash volume also sharply declined. For the 1936 model year the Corporation had sold 40,903 cars. For 1937, sales were 85,887. After having organized sales, advertising and manufacturing programs on the basis of a substantial increase over the 85,887 units of 1937, the reduction to 41,151 units for the 1938 model year resulted in high distribution costs per car and a substantial amount of excess factory and tooling costs. During the year there were numerous interruptions and delays in manufacturing, due not only to labor misunderstandings and difficulties in our own plants, but in those of many of our suppliers.

Efforts of the management during the year have been directed to a readjustment of the whole manufacturing and selling structure so that maximum economy may be attained in manufacturing, and operations conducted profitably on a moderate volume of business. In excess of a million dollars has been expended on additional plant facilities and it is believed that the Corporation is in a position to manufacture so efficiently that the cars can continue to be priced on a basis very attractive to the purchaser.

The 1939 models of Nash automobiles contain many important improvements over prior models and, we believe, place Nash in an excellent competitive position. In these new cars, the conditioned air system for winter driving, introduced and developed by Nash, has been materially improved and made thermostatically controllable by the "Weather-Eye," a joint development of Nash and Kelvinator engineers. Sound deadening material employed for the first time last year proved highly successful and is being used throughout the 1939 line.

Performance has been improved from the standpoint of acceleration and economy. The bodies have been completely restyled and while this has required substantial expenditures for new dies and tools, the public response so far would appear to have amply justified the investment. The Corporation is aggressively developing its dealer organization and expects to improve its position in the automobile industry during the year.

KELVINATOR DIVISION

After years of constantly increasing sales, the electric refrigeration industry in 1938 had a drastic reduction in volume. During the previous ten years, it was only in 1933 that the industry's sales, as a whole, declined. As for Kelvinator, each year in its history showed an increase in the volume of units sold until 1938, when it, too, suffered as did the industry as a whole. This decline also affected the allied lines of household appliances and air conditioning.

The Corporation entered the fiscal year beginning October 1, 1937 with stocks of refrigerators and allied products on hand or in the hands of its dealers which at that time seemed normal but which later proved to be excessive. Because of these large stocks, manufacture of units during the year was much lower than retail sales. With a business as seasonal as is that of this division, expenses must be committed for in advance of the busy season and the failure of the ordinarily busy months to develop volume had serious effects on the profit showing. As with automobiles, this entire division has been reorganized to put it on a basis which we believe will make for satisfactory operations on a smaller volume than in the recent profit making years. Kelvinator and Leonard units are being offered for 1939 in an entirely new styling of cabinets and with mechanical improvements. Stocks of finished units with dealers and on hand are not abnormal and the entire inventory has been thoroughly challenged from the standpoint of obsolescence and proper pricing, and manufacturing operations this year are expected to be more nearly in line with actual retail sales.

In addition to its two major lines of household refrigerators, Kelvinator and Leonard, the Corporation manufactures and sells, directly or through its subsidiaries, electric ranges, electric water heaters, washing machines, and ironers, all of which take an important part in making the Kelvinator franchise attractive to dealers.

The Corporation's commercial business, as distinguished from its household appliance business, is an increasing part of the volume of the Kelvinator division. It covers a broad range of commercial applications of refrigeration, in addition to water coolers, beverage coolers, and similar items.

The Corporation has done much in pioneering air conditioning. Its many years of engineering development and research have resulted in products which for several years have covered a wide range from the individual room coolers to large theatre, office and hotel systems. Prominent in this development has been the Kelvin Home. This air conditioning branch of our business has, of course, suffered from the decline of general business activity. The product, however, is splendidly engineered and ready to participate in such market as will be developed.

SUBSIDIARY COMPANIES

Refrigeration Discount Corporation, a wholly owned subsidiary, had another very active year. Its capital stock was again increased by $200,000.00. Profits were approximately the same as in the preceding year.

Net profits of the Kelvinator Corporation of Canada, Ltd. amounted to $143,025 as compared to $191,047 for the 1937 fiscal year. This company has a manufacturing subsidiary in England and takes a prominent part in the export field. Nash-Kelvinator Corporation advanced $450,000 to the Canadian company during the year which was used to call in the 7% preferred stock that had been guaranteed by Nash-Kelvinator Corporation.

Operations of other partly owned subsidiaries or of companies in which Nash-Kelvinator Corporation has a substantial interest were adversely affected by business conditions, and on the whole showed net losses for the period.

GENERAL

The labor interruptions in our automobile plants considerably delayed the shipments of the new 1939 model automobiles, and the introduction of new refrigerator models has been set for January instead of December as in the previous year. While it is not expected that these factors will have an adverse effect on the year as a whole, it is expected that the operations of the December quarter will be affected and the operating results compare unfavorably with the same quarter of the preceding year.

The Corporation enters its new fiscal year with lower inventories, improved products, its controllable expenses reduced, and with a strengthened personnel. The Management is doing everything it can to promote satisfactory employee relationships. There are many indications for the coming year of increases in the volume of sales of automobiles, refrigeration and allied products.

Nash and Kelvinator products are being shown by dealers in all sections of the country and stockholders are urged to call on a nearby dealer and examine the new lines of products.

By order of the Board of Directors,

G. W. Mason,

President

December 15, 1938

ERNST & ERNST
ACCOUNTANTS AND AUDITORS
SYSTEM SERVICE
DETROIT

December 15, 1938

NASH-KELVINATOR CORPORATION
Detroit, Michigan

We have made an examination of the consolidated balance sheet of NASH-KELVINATOR CORPORATION and consolidated subsidiaries as at September 30, 1938 and of the consolidated statements of profit and loss and surplus for the year ended at that date. In connection therewith, we examined or tested accounting records of the companies and other supporting evidence and obtained information and explanations from officers and employees of the companies; we also made a general review of the accounting methods and of the operating and income accounts for the year, but we did not make a detailed audit of the transactions.

All wholly-owned subsidiaries of the Corporation, except Refrigeration Discount Corporation, have been consolidated in the statements submitted herewith. Investment in that company and investments in controlled but only partly-owned subsidiaries are shown in the balance sheet at cost (adjusted where required for losses and dividends in excess of earnings), the aggregate amount stated therefor being less than the aggregate of Nash-Kelvinator Corporation's equity in the capital and surplus of those companies. A balance sheet of Refrigeration Discount Corporation as examined by us at September 30, 1938 is included herein.

Sufficient provision, in our opinion, has been made for doubtful notes and accounts. Inventories were reviewed by us as to quantities, clerical accuracy and pricing, and it is our opinion that the values have been carefully established on the basis of the lower of cost or market prices after provision for, or elimination of, obsolete items. Property, plant and equipment are included on the basis of cost with the exception of two minor properties revalued below cost in 1928 and certain classes of tools and dies which are carried at fixed depreciated amounts. Provision has been made for all ascertained liabilities at September 30, 1938 and reserves have been provided for anticipated service, warranty and other operating requirements.

In our opinion, based upon our examination, the accompanying balance sheet and the related statements of profit and loss and surplus fairly present the consolidated position of the Corporation and its consolidated subsidiaries as at September 30, 1938 and the consolidated results of their operations for the year ended at that date. Further, it is our opinion that the statements have been prepared in accordance with accepted principles of accounting and on a basis consistent with the preceding year.

ERNST & ERNST
Certified Public Accountants

CONSOLIDATED BALANCE SHEET

NASH-KELVINATOR CORPORATION AND SUBSIDIARIES

September 30, 1938

CURRENT ASSETS			
Cash on hand and on deposit		$ 2,663,201.83	
U. S. Government securities and guaranteed obligations at cost plus accrued interest (aggregate quoted market prices $10,022,151.64)		10,024,673.73	
Notes, acceptances, drafts and accounts receivable—trade	$ 2,125,289.99		
Less reserve	183,402.50	1,941,887.49	
Inventories—at the lower of cost or market		10,403,134.49	$25,032,897.54
INVESTMENTS AND OTHER ASSETS			
Investments in and advances to unconsolidated subsidiaries:			
Capital stock of Refrigeration Discount Corporation—wholly-owned	$ 3,000,000.00		
Capital stocks of other subsidiaries not wholly-owned	868,717.44		
Advances to such subsidiaries	560,078.40	$ 4,428,795.84	
Balances in closed banks, less reserve of $205,000.00		10,550.56	
Cash surrender value of life insurance		149,552.50	
Land contracts and real estate held for sale		316,238.35	
Traveling advances and accounts—employees and officers		49,135.36	
Miscellaneous investments, notes, accounts and advances		591,271.40	5,545,544.01
PROPERTY, PLANT AND EQUIPMENT			
Used in operations:			
Land, buildings, equipment and dies	$25,390,913.24		
Less reserves for depreciation	10,043,514.65	$15,347,398.59	
Not used in operations:			
Land and buildings	$ 1,392,702.02		
Less reserves for depreciation	594,439.13	798,262.89	16,145,661.48
PATENTS AND GOOD WILL			2.00
DEFERRED CHARGES			
Prepaid taxes, insurance, rent and advertising		$ 489,701.20	
Inventories of office and advertising supplies and improvements to leased properties, less amortization		132,004.60	621,705.80
			$47,345,810.83

The Corporation's aggregate proportion of profits, less losses, of unconsolidated subsidiaries in excess of dividends from dates of acquisition, amounted to $595,068.13.

CONSOLIDATED BALANCE SHEET

NASH-KELVINATOR CORPORATION AND SUBSIDIARIES

September 30, 1938

Current Liabilities

Accounts payable:			
For purchases, expenses, pay rolls, etc.	$ 3,272,693.96		
To unconsolidated subsidiaries	15,132.36	$ 3,287,826.32	
Accrued expenses		394,078.00	$ 3,681,904.32

Reserves

For five-year warranty on refrigerators	$ 2,092,638.29	
For warranties, operating and service requirements	489,572.78	
For contingencies	1,000,000.00	3,582,211.07

Capital Stock and Surplus

Capital stock—$5.00 par value

Authorized—5,000,000 shares

Issued and issuable on conversion of fractional scrip	4,375,600	shares	$21,878,000.00
In treasury, of which 75,305⅛ shares are reserved for existing stock purchase plans	83,540¾	shares	417,703.75
	4,292,059¼	shares	$21,460,296.25

Surplus (Restricted in the amount of $417,703.75 representing the par value of shares held in the treasury):

Capital surplus	$ 6,441,996.08		
Earned surplus	12,179,403.11	18,621,399.19	40,081,695.44
			$47,345,810.83

Contingent Liabilities

As endorser of installment contracts discounted with Refrigeration Discount Corporation; under an agreement with the same company to repurchase any repossessed products at the unpaid balance or to assume 25% of the loss on dealers' trust receipts when the merchandise cannot be repossessed; to pay to the same company from 25 to 50% of the unpaid balance on certain retail contracts in case of repossession by the discounting dealers; and to repurchase from independent finance companies repossessed cars floor-planned with dealers and repossessed refrigerators and cars sold at retail.

PROFIT AND LOSS STATEMENT

NASH-KELVINATOR CORPORATION AND SUBSIDIARIES

Year Ended September 30, 1938

Net sales		$54,113,209.00
Cost of goods sold	$50,883,625.92	
Selling, advertising and administrative expenses	10,964,204.67	61,847,830.59
Operating Loss		$ 7,734,621.59
Dividends received from controlled companies	$ 436,917.50	
Profit on sale of U. S. Government securities	140,758.82	
Interest on U. S. Government securities	71,421.84	
Sundry other income	207,468.06	856,566.22
		$ 6,878,055.37
Provision for five-year warranty on refrigerators	$ 324,557.00	
Sundry income deductions	459,249.51	783,806.51
		$ 7,661,861.88
Portion of net loss of subsidiary applicable to minority interest (since acquired)		6,723.13
Net Loss		$ 7,655,138.75

Provision for depreciation in the amount of $1,392,018.18 has been deducted in the above statement.

The Corporation's proportion of the aggregate net losses (less income in excess of dividends received) of unconsolidated subsidiaries amounted to $3,098.69 for the year ended September 30, 1938, which amount has not been included herein.

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CONSOLIDATED SURPLUS ACCOUNTS

NASH-KELVINATOR CORPORATION AND SUBSIDIARIES

Year Ended September 30, 1938

CAPITAL SURPLUS		
Balance at October 1, 1937		$ 6,318,165.37
ADDITIONS		
Excess of the book equity over cost of shares of partially-owned subsidiary purchased from minority holders	$ 40,049.47	
Excess of the consideration received on reissuance of 28,660—¾ shares of treasury stock over the par value thereof	83,781.24	123,830.71
CAPITAL SURPLUS—September 30, 1938		$ 6,441,996.08
EARNED SURPLUS		
Balance at October 1, 1937		$21,378,411.73
DEDUCTIONS		
Net loss for the year	$7,655,138.75	
Dividends paid—$0.37½ per share	1,601,985.27	9,257,124.02
		$12,121,287.71
ADDITION		
Equity of parent company at October 1, 1937 in earned surplus of partially-owned subsidiary not previously consolidated		58,115.40
EARNED SURPLUS—September 30, 1938		$12,179,403.11

Surplus is restricted in the amount of $417,703.75 representing the par value of shares held in the treasury.

BALANCE SHEET

REFRIGERATION DISCOUNT CORPORATION

September 30, 1938

ASSETS

Cash on hand and on deposit		$ 2,634,028.19
Notes, contracts and accounts receivable—Note A:		
Retail contracts—dealers and Kelvinator branches	$9,075,697.03	
Ice cream cabinet contracts	780,866.59	
Floor-plan notes secured by trust receipts	718,442.23	
Loans secured by retail contracts	113,652.45	
Miscellaneous notes and accounts receivable	27,886.33	10,716,544.63
Other assets:		
Traveling advances and accounts—employees	$ 1,173.82	
Miscellaneous accounts receivable	1,089.34	2,263.16
Furniture and fixtures at cost, less accrued depreciation		36,849.24
Deferred charges:		
Prepaid interest	$ 21,378.48	
Prepaid taxes	23,667.04	45,045.52
		$13,434,730.74

LIABILITIES

Notes payable for borrowed money—Note A:		$ 8,500,000.00
Accounts payable:		
Withheld on retail contracts purchased	$ 471,852.09	
Due Nash-Kelvinator Corporation for contracts purchased, etc.	73,652.75	
For state and local taxes and current expenses	19,136.37	
Miscellaneous	1,698.75	566,339.96
Accrued capital stock and pay roll taxes		7,526.45
Federal taxes on income—estimated		68,501.68
Unearned discount and service charges		826,134.54
Reserve for losses on notes, contracts and accounts		230,964.60
Capital stock and surplus:		
Capital stock—par value $100.00 a share:		
Authorized—40,000 shares		
Issued —32,000 shares	$3,200,000.00	
Earned surplus	35,263.51	3,235,263.51
		$13,434,730.74

Note A—Notes, contracts and accounts receivable are held by a trustee, pursuant to a resolution of the board of directors dated October 2, 1936 as collateral security for all notes payable of the Corporation.

Refrigeration Discount Corporation
Detroit, Michigan

We have made an examination of the balance sheet of Refrigeration Discount Corporation (a Michigan Corporation) as of September 30, 1938. In connection therewith, we examined or tested accounting records of the Corporation and other supporting evidence, and obtained information and explanations from its officers and employees; we have also made a general review of the accounting methods and of the operating and income accounts for the year, but we did not make a detailed audit of the transactions.

In our opinion, based upon our examination, the accompanying balance sheet fairly presents the position of the Corporation at the date named. Further, it is our opinion that the statements have been prepared in accordance with accepted principles of accounting and on a basis consistent with the preceding year.

ERNST & ERNST
Certified Public Accountants

Detroit, Michigan
December 15, 1938

PRODUCTS OF
NASH-KELVINATOR CORPORATION

NASH AUTOMOBILES

4 Series of Great Cars . . . 22 Models . . . Delivered at Factory, as low as $770, Standard Equipment and Federal Taxes Included.

NASH AMBASSADOR 8

All-purpose coupe, $1,210; All-purpose convertible coupe, $1,295; Victoria sedan, $1,205; business coupe, $1,175; 4-door sedan, $1,235; 4-door sedan with trunk, $1,235.

NASH AMBASSADOR 6

All-purpose coupe, $960; All-purpose convertible coupe, $1,050; Victoria sedan, $955; business coupe, $925; 4-door sedan, $985; 4-door sedan with trunk, $985.

NASH LAFAYETTE DELUXE

All-purpose coupe, $860; All-purpose convertible coupe, $950; Victoria sedan, $855; business coupe, $825; 4-door sedan, $885; 4-door sedan with trunk, $885.

NASH LAFAYETTE SPECIAL

Business coupe, $770; 2-door sedan, $810; 4-door sedan, $840; 4-door sedan with trunk, $840.

KELVINATOR PRODUCTS

Kelvinator Household Electric Refrigerators
Kelvinator Water Coolers
Kelvinator Room Coolers
Kelvinator Bottled Beverage Coolers
Kelvinator Ice Cream Cabinets
Kelvinator Condensing Units
Kelvinator Evaporators
Kelvinator Oil Burners
Kelvinator Boiler Burners
Kelvinator Automatic Coal Burners
Kelvinator Electric Water Heaters
Kelvinator Electric Ranges
Kelvinator Washing Machines
Kelvinator Electric Ironers

LEONARD PRODUCTS

Leonard Household Electric Refrigerators

KELVIN HOME

A moderate priced modern home completely equipped with summer and winter air-conditioning, refrigeration, electric range, and automatic water heating.

NASH-KELVINATOR CORPORATION

DETROIT, MICHIGAN

DIRECTORS AND OFFICERS

September 30, 1938

DIRECTORS

P. J. Ebbott	New York City
G. W. Mason	Detroit, Michigan
C. W. Nash	Kenosha, Wisconsin
H. G. Perkins	Detroit, Michigan
H. T. Pierpont	Worcester, Massachusetts
Ernest Stauffen, Jr.	New York City
James T. Wilson	Kenosha, Wisconsin

OFFICERS

Chairman of the Board	C. W. Nash
President	G. W. Mason
Vice President	W. F. Armstrong
Vice President	C. H. Bliss
Vice President	H. G. Perkins
Vice President, Sales, Kelvinator Division	H. W. Burritt
Vice President, Engineering, Nash Motors Division	N. E. Wahlberg
Secretary	Horace J. Mellum
Treasurer	Howard A. Lewis
Assistant Treasurer	G. H. Eddy
Assistant Secretary and Assistant Treasurer	G. V. Egan
Comptroller	W. R. Crosett
Assistant Comptroller	L. J. Holly
Assistant Comptroller	J. J. Timpy

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NASH-KELVINATOR CORPORATION

ANNUAL REPORT

9-30- 1939

To the Stockholders of Nash-Kelvinator Corporation:

Nash-Kelvinator Corporation for the fiscal year ended September 30, 1939, had a net loss of $1,573,524 after all charges, compared to a loss of $7,655,138 for the preceding fiscal year. More than this entire loss was reported in the first quarter, which indicates that during the nine months ended September 30, 1939, your company's operations were conducted at a small profit.

Each of our two major lines of activity, Nash automobiles and Kelvinator and Leonard refrigeration, contributed relatively to the improvement from the preceding year. Each had increased sales, and each reflected the improvements that had been made in manufacturing and the reductions in operating costs.

Sales for all divisions for the fiscal year 1939 amounted to $72,534,000, an increase of 34%. Working capital increased $96,756. Cash and Government securities amounted to $17,063,651 at September 30, 1939, and Current Liabilities to $6,448,991. Inventories were $7,986,587 as compared with $10,403,134. Depreciation charged to expense during the year amounted to $1,334,378. Selling, advertising, and administrative expenses, exclusive of those which vary proportionately with sales, were greatly reduced.

The Corporation does not consolidate the statement of its foreign associate, Kelvinator of Canada, Ltd., and that company's English subsidiary, but takes into income only dividends received. Accordingly, no change of accounting policy is required by reason of exchange restrictions by foreign countries.

NASH DIVISION

During the twelve months ended September 30, 1939, 60,348 cars were sold, as compared with 41,151 cars for the preceding fiscal year, though this comparison is not strictly that of the respective models as 1940 models were ready before the close of the fiscal year and some sales for that model are included. Production during 1939 ran consistently higher than in 1938 and for the nine months the sales of Nash cars represented a larger percentage of the industry than for the same months in 1938.

For the 1940 models, the distinctive appearance of the design still sets the cars apart from other lines. There have been important improvements in many phases, such as interior beauty, individual front wheel springing, sound deadening, and particularly in conditioned air control, which this company pioneered and which has contributed so greatly to the comfort and safety of motoring.

The dealer organization has been definitely strengthened.

Sales in European countries involved in the war or in the restricted area have not been a significant percentage of our business.

KELVINATOR DIVISION

Sales of Kelvinator and Leonard refrigeration units increased during the year from the preceding year and the commercial sales also made definite improvement. The other household appliance business of this division also showed substantially increased sales. The foreign business done by the division, of course, has been affected by exchange difficulties.

SUBSIDIARY COMPANIES

Refrigeration Discount Corporation, a wholly-owned subsidiary, had a good year, though profits were down somewhat because there was less installment paper available to it.

Profits of Kelvinator of Canada, Ltd., were $51,535 as compared with $143,025 during the preceding year, the decline being due almost entirely to the drop in the business of the English subsidiary and the necessity of exchange adjustments. This subsidiary will, of course, be influenced by the progress of the war. However, dividends received this year by Nash-Kelvinator from Kelvinator of Canada, Ltd., were almost entirely offset by the adjustment of the account due from that company for the decline in the Canadian exchange rate.

Operations of other partly-owned subsidiaries or of companies in which the Corporation has a substantial interest, in the aggregate showed improvement for the year.

GENERAL

Much progress has been made during the year in improving operating methods and in reducing expenses. Progress along those lines is still being made. The Corporation operated at a profit for the last nine months of the fiscal year. The dealer organization is stronger and products are definitely improved. Nash cars are outstanding values. The refrigerators, washers and ranges have been newly designed to meet existing markets and we believe the household appliance program for 1940 will strengthen our position in the industry. Sales prospects at the present time are distinctly encouraging.

We suggest that stockholders see our products at a nearby Nash, Kelvinator or Leonard dealer.

By order of the Board of Directors,

G. W. Mason.

President.

December 14, 1939

ERNST & ERNST
DETROIT

December 12, 1939

Board of Directors,
Nash-Kelvinator Corporation,
Detroit, Michigan.

We have examined the consolidated balance sheet of Nash-Kelvinator Corporation and consolidated subsidiaries as at September 30, 1939, and the consolidated statements of profit and loss and surplus for the fiscal year then ended, have reviewed the system of internal control and accounting procedures of the companies and, without making a detailed audit of the transactions, have examined or tested accounting records of the companies and other supporting evidence, by methods and to the extent we deemed appropriate.

All wholly-owned subsidiaries of the Corporation, except Refrigeration Discount Corporation, have been consolidated in the statements submitted herewith. Investment in that company and investments in controlled but only partly-owned subsidiaries are shown in the balance sheet at cost (adjusted where required for losses and dividends in excess of earnings), the aggregate amount stated therefor being less than the aggregate of Nash-Kelvinator Corporation's equity in the capital and surplus of those companies.

In our opinion, the reserves against trade notes and accounts receivable are sufficient to care for losses anticipated in their collection. We were present at appropriate times during the taking of inventories and observed procedures followed by the companies and made test checks of quantity determinations; we also reviewed the inventory records and made tests of the prices and computations, and it is our opinion that the inventories have been fairly stated on the basis of the lower of cost or market after provision for, or elimination of, obsolete items.

Property, plant and equipment have been included on the basis of cost with the exception of two minor properties revalued below cost in 1928 and certain classes of tools and dies which are carried at fixed depreciated amounts.

Provision has been made for all ascertained liabilities at September 30, 1939, and reserves have been provided for anticipated service, warranty and other operating requirements.

In our opinion, the accompanying consolidated balance sheet and related summaries of profit and loss and surplus present fairly the consolidated position of Nash-Kelvinator Corporation and its consolidated subsidiaries at September 30, 1939, and the consolidated results of their operations for the fiscal year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ERNST & ERNST
Certified Public Accountants

CONSOLIDATED BALANCE SHEET

NASH-KELVINATOR CORPORATION AND SUBSIDIARIES

September 30, 1939

CURRENT ASSETS			
Cash on hand and on deposit		$ 7,012,916.51	
U. S. Government securities and guaranteed obligations at cost plus accrued interest (aggregate quoted market prices $10,030,969.09)		10,050,735.24	
Notes, acceptances, drafts and accounts receivable—trade	$ 3,021,966.55		
Less reserve	175,464.45	2,846,502.10	
Inventories—at lower of cost or market		7,986,587.42	$27,896,741.27
INVESTMENTS AND OTHER ASSETS			
Investments in and advances to unconsolidated subsidiaries:			
Capital stock of Refrigeration Discount Corporation—wholly-owned	$ 3,000,000.00		
Capital stock ($62,211.68) of and advances ($351,375.07) to Kelvinator of Canada, Ltd.—not wholly-owned	413,586.75		
Capital stocks of other subsidiaries—not wholly-owned	745,182.17		
Advances to unconsolidated subsidiaries other than the Canadian subsidiary	183,113.35	$ 4,341,882.27	
Balances in closed banks, less reserve of $205,000.00		3,384.23	
Cash surrender value of life insurance		170,570.00	
Land contracts, and real estate held for sale		206,893.48	
Traveling advances and accounts—officers and employees		39,828.47	
Miscellaneous investments, notes, accounts and advances		541,997.58	5,304,556.03
PROPERTY, PLANT AND EQUIPMENT			
Used in operations:			
Land, buildings, equipment and dies	$22,497,571.22		
Less reserves for depreciation	9,170,863.80	$13,326,707.42	
Not used in operations:			
Land and buildings	$ 2,581,254.95		
Less reserves for depreciation	1,193,025.02	1,388,229.93	14,714,937.35
PATENTS AND GOOD WILL			2.00
DEFERRED CHARGES			
Prepaid taxes, insurance, rent and advertising		$ 527,595.54	
Inventories of office and advertising supplies and improvements to leased properties, less amortization		75,181.81	602,777.35
			$48,519,014.00

The Corporation's aggregate proportion of profits, less losses of unconsolidated subsidiaries in excess of dividends from dates of acquisition, amounted to $249,791.12 for domestic subsidiaries and to $357,813.40 (Canadian dollars) for its Canadian subsidiary.

CONSOLIDATED BALANCE SHEET

NASH-KELVINATOR CORPORATION AND SUBSIDIARIES

September 30, 1939

CURRENT LIABILITIES			
Accounts payable:			
For purchases, expenses, pay rolls, etc.	$ 6,046,898.69		
To unconsolidated subsidiaries	100,787.97	$ 6,147,686.66	
Accrued expenses		301,305.25	$ 6,448,991.91
RESERVES			
For five-year warranty on refrigerators		$ 2,135,358.29	
For warranties, operating and service requirements		433,080.30	
For contingencies		1,000,000.00	3,568,438.59
CAPITAL STOCK AND SURPLUS			
Capital stock—$5.00 par value			
Authorized—5,000,000 shares			
Issued and issuable on conversion of fractional scrip	4,375,600 shares	$21,878,000.00	
In treasury, of which 70,467¾ shares are reserved for existing stock purchase plans	84,293⅝ shares	421,468.13	
	4,291,306⅜ shares	$21,456,531.87	
Surplus (restricted in the amount of $421,468.13 representing the par value of shares held in the treasury):			
Capital surplus	6,439,172.87		
Earned surplus	10,605,878.76	17,045,051.63	38,501,583.50
			$48,519,014.00

CONTINGENT LIABILITIES

As endorser of installment contracts discounted with Refrigeration Discount Corporation; under an agreement with the same company to repurchase any repossessed products at the unpaid balance or to assume 25% of the loss on dealers' trust receipts when the merchandise cannot be repossessed; to pay to the same company from 25% to 50% of the unpaid balance on certain retail contracts in case of repossession by the discounting dealers; and to purchase from independent finance companies repossessed cars floor-planned with dealers and repossessed refrigerators and cars sold at retail.

CONSOLIDATED PROFIT AND LOSS STATEMENT

NASH-KELVINATOR CORPORATION AND SUBSIDIARIES

Year Ended September 30, 1939

Net sales		$72,534,808.85
Cost of goods sold	$62,864,343.84	
Selling, advertising and administrative expenses	11,136,603.51	74,000,947.35
Operating Loss		$ 1,466,138.50
Dividends received from controlled companies	$ 420,098.00	
Other dividends	26,250.00	
Profit on sales of U. S. Government securities	26,981.26	
Interest on U. S. Government securities	36,395.81	
Sundry other income	301,979.99	811,705.06
		$654,433.44
Provision for five-year warranty on refrigerators	$ 444,334.00	
Sundry income deductions	474,756.91	919,090.91
Net Loss		$ 1,573,524.35

Provision for depreciation in the amount of $1,334,378.54 has been deducted in the above statement.

The Corporation's proportion of the aggregate net profits for the year (in excess of dividends received) amounted to $11,376.35 for unconsolidated domestic subsidiaries and to $1,160.04 (Canadian dollars) for its unconsolidated Canadian subsidiary, which amounts have not been included herein.

CONSOLIDATED SURPLUS ACCOUNTS

NASH-KELVINATOR CORPORATION AND SUBSIDIARIES

Year Ended September 30, 1939

CAPITAL SURPLUS

Balance at October 1, 1938	$ 6,441,996.08
Deduct:	
Excess of the cost over par value of 752⅞ shares represented by fractional scrip purchased during the year	2,823.21
BALANCE AT September 30, 1939	$ 6,439,172.87

EARNED SURPLUS

Balance at October 1, 1938	$12,179,403.11
Deduct net loss for the year	1,573,524.35
BALANCE AT September 30, 1939	$10,605,878.76

Surplus is restricted in the amount of $421,468.13 representing the par value of shares held in the treasury.

BALANCE SHEET

REFRIGERATION DISCOUNT CORPORATION

September 30, 1939

ASSETS

Cash on hand and on deposit			$ 2,263,963.20
Contracts, notes and accounts receivable—Note A:			
Retail contracts—dealers and Kelvinator branches	$8,085,566.24		
Ice cream cabinet contracts	720,906.38		
Floor-plan notes secured by trust receipts	574,273.33		
Loans secured by retail contracts	124,942.03		
Miscellaneous notes and accounts receivable	21,798.70	$9,527,486.68	
Less: Unearned discount and service charges included in the above	$ 763,903.63		
Reserve for losses	240,277.43	1,004,181.06	8,523,305.62
Other assets:			
Claims against closed banks, less reserve of $39,090.48		$ 1.00	
Traveling advances and accounts—employees		2,219.64	
Miscellaneous accounts receivable		1,383.28	3,603.92
Furniture and fixtures at cost, less reserve for depreciation			41,764.68
Deferred charges:			
Prepaid interest		$ 18,232.63	
Prepaid taxes		24,293.35	42,525.98
			$10,875,163.40

LIABILITIES

Notes payable—Note A		$ 7,000,000.00
Accounts payable:		
Withheld on retail contracts purchased	$ 458,799.88	
Due Nash-Kelvinator Corporation for contracts purchased, etc.	82,254.60	
For state and local taxes and current expenses	22,215.03	
Miscellaneous	1,071.91	564,341.42
Accrued capital stock and pay roll taxes		8,032.06
Federal taxes on income—estimated		63,832.86
Capital stock and surplus:		
Capital stock—par value $100.00 a share:		
Authorized—40,000 shares		
Issued—32,000 shares	$3,200,000.00	
Earned surplus	38,957.06	3,238,957.06
		$10,875,163.40

Note A—Contracts, notes and accounts receivable are held by a trustee, pursuant to a resolution of the board of directors dated October 2, 1936, as collateral security for all notes payable of the Corporation.

Board of Directors,
Refrigeration Discount Corporation,
Detroit, Michigan.

We have examined the balance sheet of Refrigeration Discount Corporation as at September 30, 1939, have reviewed the system of internal control and accounting procedures of the Corporation and, without making a detailed audit of the transactions, have examined or tested accounting records of the Corporation and other supporting evidence, by methods and to the extent we deemed appropriate.

During the year we made tests of the contracts, notes and accounts receivable by requesting direct confirmations of balances owed by debtors selected by us. In our opinion, the reserve against contracts, notes and accounts receivable are sufficient to care for losses anticipated in their collection.

In our opinion, the foregoing balance sheet presents fairly the position of Refrigeration Discount Corporation at September 30, 1939, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ERNST & ERNST
Certified Public Accountants

Detroit, Michigan
December 12, 1939

8. 16

PRODUCTS OF
NASH-KELVINATOR CORPORATION

NASH AUTOMOBILES

3 Series of Great Cars . . . 18 Models . . . Delivered at Factory, as low as $795, Standard Equipment and Federal Taxes Included.

NASH AMBASSADOR 8

All-purpose coupe, $1,170; All-purpose convertible cabriolet, $1,295; Victoria sedan, $1,165; Business coupe, $1,135; 4-door sedan $1,195; 4-door sedan with trunk, $1,195.

NASH LAFAYETTE DELUXE

All-purpose coupe, $850; All-purpose convertible cabriolet, $975; Victoria sedan, $845; Business coupe, $795; 4-door sedan, $875; 4-door sedan with trunk, $875.

NASH AMBASSADOR 6

All-purpose coupe, $960; All-purpose convertible cabriolet, $1,085; Victoria sedan, $955; Business coupe, $925; 4-door sedan, $985; 4-door sedan with trunk, $985.

KELVINATOR PRODUCTS

Kelvinator Household Electric Refrigerators
Kelvinator Water Coolers
Kelvinator Bottled Beverage Coolers
Kelvinator Ice Cream Cabinets
Kelvinator Condensing Units
Kelvinator Electric Water Heaters
Kelvinator Electric Ranges
Kelvinator Washing Machines
Kelvinator Electric Ironers

LEONARD PRODUCTS

Leonard Household Electric Refrigerators

NASH-KELVINATOR CORPORATION

DETROIT, MICHIGAN

DIRECTORS AND OFFICERS

September 30, 1939

DIRECTORS

P. J. Ebbott	New York City
G. W. Mason	Detroit, Michigan
C. W. Nash	Beverly Hills, Calif.
H. G. Perkins	Detroit, Michigan
H. T. Pierpont	Worcester, Massachusetts
Ernest Stauffen, Jr.	New York City
James T. Wilson	Kenosha, Wisconsin

OFFICERS

Chairman of the Board	C. W. Nash
President	G. W. Mason
Vice President	W. F. Armstrong
Vice President	H. G. Perkins
Vice President, Engineering, Nash Motors Division	N. E. Wahlberg
Secretary	Horace J. Mellum
Treasurer	Howard A. Lewis
Assistant Treasurer	G. H. Eddy
Assistant Secretary and Assistant Treasurer	G. V. Egan
Comptroller	W. R. Crosett
Assistant Comptroller	J. J. Timpy

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Financial Library

Nash-Kelvinator Corporation
Annual Report

FOR THE YEAR ENDING SEPTEMBER 30, 1940

To the Stockholders of Nash-Kelvinator Corporation

The year just closed has been an eventful one for the corporation. It was a year in which the corporation introduced into the electric refrigeration field some drastic changes in manufacturing and distribution policies, the results of which have exceeded the corporation's anticipations. The year also marked the fruition of four years of planning for an entirely new automobile to sell in the lowest priced class.

Nash-Kelvinator Corporation for the fiscal year ended September 30, 1940 had a net profit of $1,505,151. This compared with a loss for the preceding fiscal year of $1,573,524.

The net profit of $1,505,151 is after all charges, including depreciation of $1,251,360 and federal income taxes of $370,000. No provision was required for excess-profits taxes because the present excess-profits tax law is not applicable to a fiscal year beginning before January 1, 1940, although the exemptions permitted under the law would have been substantially in excess of the income for the year. The improvement in the operating results over the preceding year came in part from the Nash division, but the largest proportion came from the operations of the Kelvinator division. Total sales of the corporation were $73,489,574 as compared with $72,534,808 for the preceding year, the late start in the shipment of 1941 model automobiles offsetting to some extent the increased sales in the Kelvinator division. Cash and government securities at September 30, 1940 amounted to $11,408,493 compared with total current liabilities of $7,515,485. Net working capital at September 30, 1940 amounted to $18,806,454, the decrease from the preceding year of $2,641,295 being due principally to extensive additions to the Nash facilities for the manufacture of the new automobile, which accounted for the major part of the net increase of $4,790,853 in Fixed Assets. Commercial expenses showed an increase of $962,721. This was due in large measure to the addition of a number of branches and zones as part of our new approach to the refrigerator selling problem, and to heavy engineering and development expenses in connection with the new car.

Nash Division

As soon as the merger of Nash and Kelvinator was completed in January, 1937, the corporation began work on the development of an entirely new automobile, with which it could enter the lowest priced field. It was recognized that other automobiles were firmly established in this field, and that in order to invade this market, a new car should have fundamental advantages over these established makes. The corporation also recognized the great importance of having an automobile in this field in order to improve the distribution of all its cars, and to provide dealers with an opportunity to sell in the volume market.

The past fiscal year has seen the completion of this automobile. To produce this car the corporation has spent large amounts in engineering and development over the past years and has invested over $3,000,000 in new plant facilities for its manufacture and several million dollars in special tools and dies.

The result is that in the Nash Ambassador "600", which was first made available to the public in October, 1940, your corporation now has an automobile which offers to the buyer distinct advantages over any other automobile in the lowest priced field. The Nash Ambassador "600" is a large, roomy automobile that sacrifices nothing in ease of handling and comfortable riding, and yet delivers from 25 to 30 miles on a gallon of gasoline. With the addition of this car, the Nash line competes in fields that represent 92% of the automobile market.

Many of the engineering principles developed for the Ambassador "600" are applicable to our higher priced cars. Both the Ambassador Six and the Ambassador Eight have been improved and reduced in price.

Total sales of 1940 Nash automobiles amounted to 61,958 as compared with total sales of 1939 models amounting to 49,560. Owing, however, to the fact that 1940 models could be shipped out earlier in the season because there was no major change in design and also to the fact that few 1941 models were shipped before September 30, 1940, sales of automobiles in the fiscal year 1939-40 amounted to 53,718 as compared with 60,348 in the prior fiscal year.

The reception of the 1941 line of Nash automobiles by dealers has been gratifying, and there is evidence of a wide public acceptance of these cars. The management feels that the investment made by the corporation over the past years in the development of its 1941 automobiles is well justified and puts the corporation in a position to strengthen its dealer organization and increase its percentage of the total automobile market.

Kelvinator Division

The corporation is now completing its first year of an entirely new approach to the household refrigerator business. Changes were so important that the entire industry felt the impact, but, in part at least as a result of the new vigor imparted by our action, total unit sales of the industry were the largest in history and showed a substantial increase over the preceding year. Kelvinator-Leonard unit sales, however, increased more than twice as much as the rate for the industry as a whole and represented a material increase in the corporation's percentage of the industry.

In January, 1940, the corporation announced its new line of refrigerators at prices which represented reductions of from $30.00 to $60.00 per unit to the consumer. This price reduction, however, was only the outward evidence of many problems that were faced and met. The corporation believed that a number of basic phases needed correction. The redesigning of the product and the concentration of production on important sizes permitted substantial economies in manufacture and distribution. These savings were passed on to the purchasers of Kelvinator products in the form of lower prices. In changing our method of distribution, two major objectives were reached. We took under our direct control something over half of our distribution by means of zone and branch operations and in a majority of cases increased the area of operation for the independent distributor. This resulted in larger volumes being handled through a smaller number of distribution points with consequent lower distribution cost per unit. Our new approach to the refrigerator selling problem enabled us to help the dealers meet many of their problems and to initiate a selective dealer program, at the same time establishing Kelvinator representation in every market.

The result of this program has been a marked economy in the cost of doing business. The consumer is getting better merchandise for substantially lower prices. The dealers are making more money, the corporation itself has a reasonable gross profit in the product, and the Division is contributing a substantial profit to the corporation. Kelvinator today has a vastly improved dealer organization compared with a year ago, has much better acceptance on the part of the dealers and customers, and as a result is in an excellent position to face the coming year.

Subsidiary Companies

Refrigeration Discount Corporation benefited by the increased volume of the Kelvinator Division and profits show an increase over the preceding year. Profits of Kelvinator of Canada, Ltd. were $164,924 after deducting estimated losses of the English subsidiary whose operations have been seriously disrupted by the war. The subsidiary corporation, however, has no material amount of investment in fixed assets in England. Dividends received from Kelvinator of Canada, Ltd. during the fiscal year amounted to $68,428.

Dividends received from all subsidiary companies or others in which the corporation has a substantial interest amounted to $555,758 compared with $446,348 for the preceding year.

Government Work

The corporation has opened offices in Washington and has studied the possibility of manufacturing defense products consistent with its type of equipment and personnel, and will cooperate in every possible way with the defense program.

Labor Relations

Definite procedures have been established and are in force in all the plants of the corporation for collective bargaining to work out any problems in the relationship between labor and management.

General

In the following pages are submitted financial statements and the comments of our auditors. We are also presenting illustrations of some of the leading products of the corporation. It is the belief of the management that developments of the past year in both the refrigerator and automotive divisions have placed the corporation in a more favorable position to gain a higher percentage of the volume in these two large markets.

We earnestly urge our stockholders to see the new products of both our divisions and particularly to take an opportunity to see them in comparison with the products of other companies in each of the fields.

By Order of Board of Directors,

G. W. Mason.

President

December 17, 1940.

Consolidated Profit and Loss Statement

NASH-KELVINATOR CORPORATION AND SUBSIDIARIES

Year ended September 30, 1940

Net sales		$73,489,574.91
Cost of products sold	$59,331,236.14	
Selling, advertising and administrative expenses	12,099,324.68	71,430,560.82
OPERATING PROFIT		$ 2,059,014.09
Dividends received from controlled companies	$ 520,758.62	
Other dividends	35,000.00	
Profit on sale of U. S. Government securities	102,702.09	
Interest on U. S. Government securities	15,187.09	
Sundry other income	255,237.74	928,885.54
		$ 2,987,899.63
Provision for five-year warranty on refrigerators	$ 676,774.40	
Sundry income deductions	435,974.10	1,112,748.50
		$ 1,875,151.13
Provision for federal taxes on income—estimated		370,000.00
NET PROFIT		$ 1,505,151.13

Provision for depreciation in the amount of $1,251,360.95 has been deducted in the above statement.

The Corporation's proportion of the aggregate net profits for the year (in excess of dividends received) amounted to $46,053.41 for unconsolidated domestic subsidiaries and to approximately $49,000.00 (Canadian dollars) for the unconsolidated Canadian subsidiary, including its English subsidiary, which amounts have not been included herein.

Consolidated Balance Sheet

NASH-KELVINATOR CORPORATION AND SUBSIDIARIES

September 30, 1940

CURRENT ASSETS:			
Cash on hand and on deposit		$ 2,507,457.81	
U. S. Government securities and guaranteed obligations at cost plus accrued interest (aggregate quoted market prices $8,899,106.24)		8,901,036.11	
Notes, acceptances, drafts and accounts receivable—trade	$ 2,763,981.08		
Less reserve	174,330.05	2,589,651.03	
Inventories—at lower of cost or market		12,323,795.02	$26,321,939.97
INVESTMENTS AND OTHER ASSETS:			
Investments in and advances to unconsolidated subsidiaries:			
Capital stock of Refrigeration Discount Corporation—wholly-owned	$ 3,000,000.00		
Capital stock ($62,211.68) of and advances ($319,016.35) to Kelvinator of Canada, Ltd.—not wholly-owned	381,228.03		
Capital stock of other subsidiaries—not wholly-owned	738,958.43		
Advances to unconsolidated subsidiaries other than Canadian subsidiary	48,537.80	$ 4,168,724.26	
Balances in closed banks, less reserve of $203,836.90		1.00	
Cash surrender value of life insurance		189,720.00	
Land contracts, mortgages and real estate held for sale		196,982.13	
Traveling advances and accounts—officers and employees		40,259.41	
Miscellaneous investments, notes, accounts and advances		404,780.44	5,000,467.24 562.748
PROPERTY, PLANT AND EQUIPMENT:			
Used in operations:			
Land, buildings, equipment and dies	$27,777,358.74		
Less reserves for depreciation	9,121,478.61	$18,655,880.13	
Not used in operations:			
Land and buildings	$ 1,520,082.58		
Less reserves for depreciation	670,171.64	849,910.94	19,505,791.07
PATENTS AND GOOD WILL			2.00
DEFERRED CHARGES:			
Prepaid taxes, insurance and advertising		$ 498,330.08	
Inventories of office and advertising supplies and improvements to leased properties, less amortization		64,418.50	562,748.58
			$51,390,948.86

The Corporation's aggregate proportion of undistributed profits, less losses of unconsolidated subsidiaries in excess of dividends from dates of acquisition, amounted to $295,844.53 for domestic subsidiaries and to approximately $406,000.00 (Canadian dollars) for the Canadian subsidiary, including its English subsidiary.

Consolidated Balance Sheet

NASH-KELVINATOR CORPORATION AND SUBSIDIARIES

September 30, 1940

CURRENT LIABILITIES:				
Accounts payable for purchases, expenses, pay rolls, etc.			$ 6,872,148.76	
Accrued expenses			273,337.00	
Federal taxes on income—estimated			370,000.00	$ 7,515,485.76
RESERVES:				
For five-year warranty on refrigerators			$ 2,265,523.46	
For warranties, operating and service requirements			603,407.81	
Contingencies			1,000,000.00	3,868,931.27
CAPITAL STOCK AND SURPLUS:				
Capital stock, par value $5.00 per share:				
Authorized	5,000,000 shares			
Issued	4,375,600 shares		$21,878,000.00	
In treasury, of which 50,000 shares are reserved for existing stock purchase plan	84,317⅜ shares		421,586.87	
Outstanding	4,291,282⅝ shares		$21,456,413.13	
Surplus (restricted in the amount of $421,586.87 representing the par value of shares held in treasury):				
Capital surplus		$ 6,439,088.81		
Earned surplus		12,111,029.89	18,550,118.70	40,006,531.83
				$51,390,948.86

CONTINGENT LIABILITIES:

As endorser of installment contracts discounted with Refrigeration Discount Corporation under an agreement with the same company to repurchase any repossessed products at the unpaid balances or to assume 25% of the loss on dealers' trust receipts when the merchandise cannot be repossessed; to pay to the same company from 25% to 50% of the unpaid balance on certain retail contracts in case of repossession by the discounting dealers; and to purchase from independent finance companies repossessed cars floor-planned with dealers and repossessed refrigerators and cars sold at retail.

Consolidated Statement of Surplus

NASH-KELVINATOR CORPORATION AND SUBSIDIARIES

Year ended September 30, 1940

CAPITAL SURPLUS:	
Balance at October 1, 1939	$ 6,439,172.87
Deduct excess of the cost over the par value of 23¾ shares, represented by fractional shares purchased during the year	84.06
Balance at September 30, 1940	$ 6,439,088.81
EARNED SURPLUS:	
Balance at October 1, 1939	$10,605,878.76
Net profit for the year	1,505,151.13
Balance at September 30, 1940	$12,111,029.89

Surplus is restricted in the amount of $421,586.87 representing the par value of shares held in the treasury.

ERNST & ERNST
DETROIT

November 29, 1940.

Board of Directors,
Nash-Kelvinator Corporation,
Detroit, Michigan.

We have examined the consolidated balance sheet of Nash-Kelvinator Corporation and consolidated subsidiaries as at September 30, 1940, and the consolidated statements of profit and loss and surplus for the fiscal year then ended, have reviewed the system of internal control and accounting procedures of the companies and, without making a detailed audit of the transactions, have examined or tested accounting records of the companies and other supporting evidence, by methods and to the extent we deemed appropriate.

All wholly-owned subsidiaries of the Corporation except Refrigeration Discount Corporation, have been consolidated in the statements submitted herewith. Investment in that company and investments in controlled but only partly-owned subsidiaries are shown in the balance sheet at cost (adjusted where required for losses and dividends in excess of earnings), the aggregate amount stated therefor being less than the aggregate of Nash-Kelvinator Corporation's equity in the capital and surplus of those companies.

Our examination of trade notes, acceptances, drafts and accounts receivable included appropriate test communication with debtors. In our opinion, the reserve thereagainst is sufficient to care for losses anticipated in their collection. We were present at appropriate times during the taking of inventories and observed procedures followed by the companies and made test checks of the quantity determinations; we also reviewed the inventory records and made tests of the prices and computations, and it is our opinion that the amounts stated for inventories have been fairly determined on the basis of the lower of cost or market prices, after provision for, or elimination of, obsolete items.

Property, plant and equipment have been included on the basis of cost with the exception of two minor properties revalued below cost in 1928 and certain classes of tools and dies which are carried at fixed depreciated amounts.

Provision has been made for all ascertained liabilities at September 30, 1940, and reserves have been provided for anticipated service warranty and other operating requirements.

In our opinion, the accompanying consolidated balance sheet and related summaries of profit and loss and surplus present fairly the consolidated position of Nash-Kelvinator Corporation and its consolidated subsidiaries at September 30, 1940, and the consolidated results of their operations for the fiscal year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ERNST & ERNST
Certified Public Accountants

Balance Sheet

REFRIGERATION DISCOUNT CORPORATION

September 30, 1940

ASSETS

Cash on hand and on deposit		$ 1,750,556.70
Contracts, notes and accounts receivable—Note A:		
Retail contracts—dealers and Kelvinator branches	$10,027,982.40	
Ice cream cabinet contracts	813,459.84	
Floor-plan notes secured by trust receipts	681,596.52	
Loans secured by retail contracts	5,481.26	
Miscellaneous notes and accounts receivable	1,680.95	
	$11,530,200.97	
Less: Unearned discount and service charges included in above	$ 957,527.87	
Reserve for losses	244,956.27	
	$ 1,202,484.14	10,327,716.83
Other assets:		
Claims against closed banks, less reserve of $36,400.12	$ 1.00	
Traveling advances and accounts—employees	463.98	
Miscellaneous accounts receivable	678.99	1,143.97
Furniture and fixtures at cost, less reserve for depreciation		37,439.33
Deferred charges:		
Prepaid interest	$ 18,203.15	
Prepaid taxes	9,677.08	27,880.23
		$12,144,737.06

LIABILITIES

Notes payable—Note A		$ 8,250,000.00
Accounts payable:		
Withheld on retail contracts purchased	$ 539,374.24	
Due Nash-Kelvinator Corporation for contracts purchased, etc.	3,494.75	
For state, local and pay roll taxes and current expenses	24,734.51	
Miscellaneous	1,352.74	568,956.24
Accrued capital stock tax		6,000.00
Federal tax on income—estimated		80,787.30
Capital stock and surplus:		
Capital stock—par value $100.00 a share:		
Authorized . . . . 40,000 shares		
Issued and outstanding . . 32,000 shares	$ 3,200,000.00	
Earned surplus	38,993.52	3,238,993.52
		$12,144,737.06

Note A—Contracts, notes and accounts receivable are held by a trustee, pursuant to a resolution of the board of directors dated October 2, 1936, as collateral security for all notes payable of the Corporation.

Board of Directors,
Refrigeration Discount Corporation,
Detroit, Michigan.

We have examined the balance sheet of Refrigeration Discount Corporation as of September 30, 1940, have reviewed the system of internal control and the accounting procedures of the Corporation and without making a detailed audit of the transactions, have examined or tested accounting records of the Corporation and other supporting evidence, by methods and to the extent we deemed appropriate.

During the year we made tests of the contracts, notes and accounts receivable by requesting confirmations of balances owed by debtors selected by us. In our opinion, the reserves against contracts, notes and accounts receivable are sufficient to care for losses anticipated in their collection.

In our opinion, the foregoing balance sheet presents fairly the position of Refrigeration Discount Corporation at September 30, 1940, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ERNST & ERNST
Certified Public Accountants

Detroit, Michigan
November 29, 1940

The 1941 Products
of
Your Corporation

NASH MOTORS DIVISION

NASH AMBASSADOR "600" • NASH AMBASSADOR SIX

NASH AMBASSADOR EIGHT

KELVINATOR DIVISION

KELVINATOR HOUSEHOLD ELECTRIC REFRIGERATORS

KELVINATOR WATER COOLERS • KELVINATOR ELECTRIC RANGES

KELVINATOR CONDENSING UNITS • KELVINATOR ELECTRIC WATER HEATERS

KELVINATOR ICE CREAM CABINETS

KELVINATOR BOTTLED BEVERAGE COOLERS

LEONARD DIVISION

LEONARD HOUSEHOLD ELECTRIC REFRIGERATORS

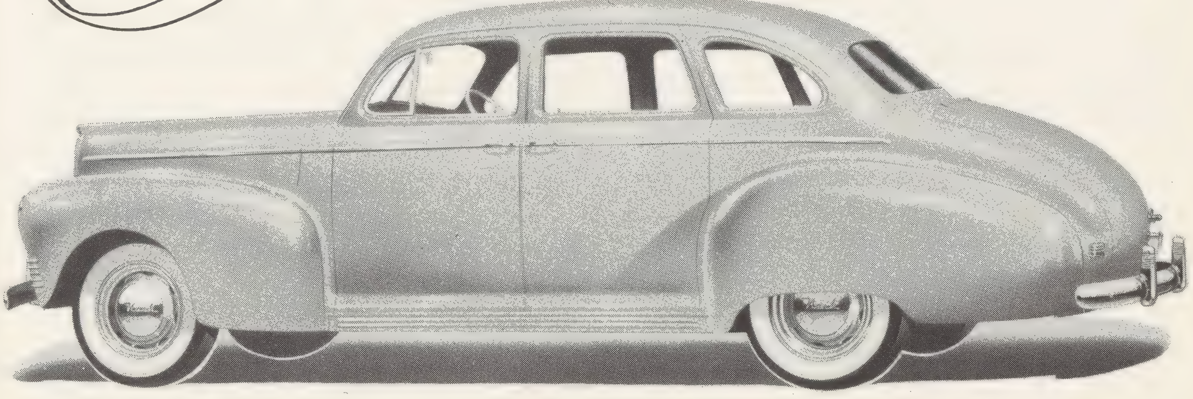
A few of the typical products manufactured by your corporation are illustrated on the following pages.

1941

NASH

3 SERIES
21 BEAUTIFUL MODELS

This year, with brilliant new cars in all three major price groups, Nash offers a better value at a lower price for 92 out of every 100 new car buyers.

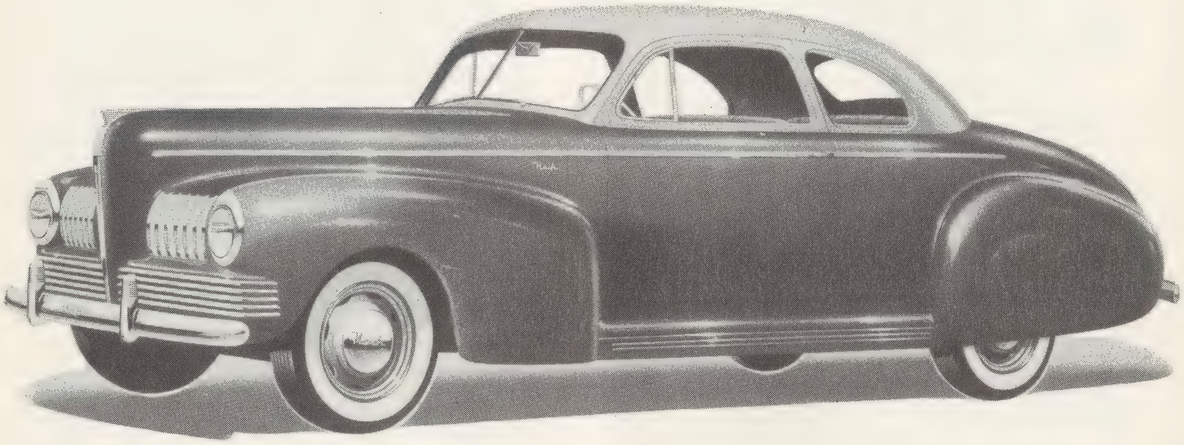


NEW NASH AMBASSADOR "600"

IN THE LOWEST PRICE FIELD

America's *newest* low-priced car, and widely acclaimed as the only genuinely *new* car of the year. Its amazing features and revolutionary performance are the talk of the industry. 25 to 30 miles on a gallon of gas. Soft Coil Springs on all four wheels. New "Unitized" body-frame construction, one single welded unit. Flashing pickup from 15 to 50 in 12 seconds, high gear. More seating room than any other lowest-price car. Available in 8 roomy body styles including Coupes, Broughams, 4-Door Slipstream Sedans, 4-Door Trunk Sedans and 2-Door Sedans. Low factory delivered prices start at $710.00.

Go NASH



THE NASH AMBASSADOR SIX

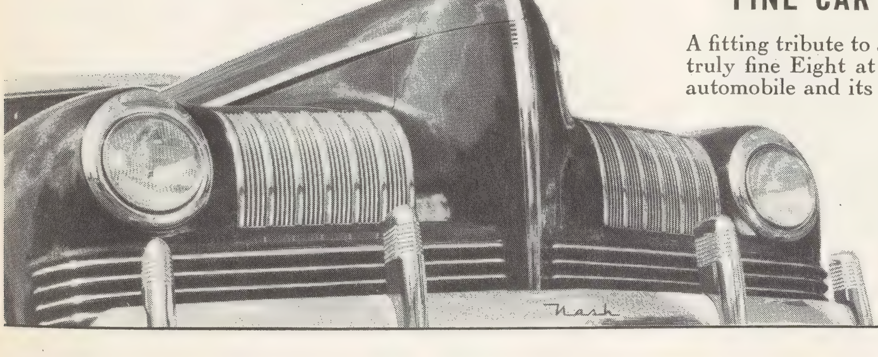
TO SELL IN THE DODGE-OLDS-PONTIAC FIELD

Nash's 1941 bid for big volume is not confined to the lowest-priced field. Today, for the first time, one can buy a big, Aeropowered Ambassador Six for the price of a Dodge, Olds, or Pontiac. This is another result of Nash's sensational new product program and price position. By every comparison . . . here truly is a new standard of value for the big-volume, low-medium market. Available in 8 models offering a choice of Coupes, Broughams, 2-Door and 4-Door Sedans and Convertibles. Factory delivered prices start at $855.00.

THE NASH AMBASSADOR EIGHT

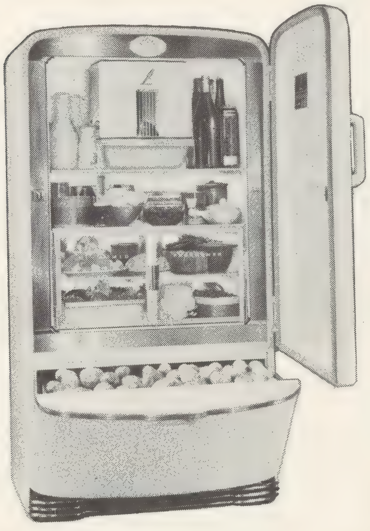
FINE CAR LUXURY AT NEW LOW COST

A fitting tribute to a quarter-century of quality car building . . . a truly fine Eight at the lowest price in Nash history. This great automobile and its "sister car," the Ambassador Six, are the only ones in America with Twin Ignition, Valve-in-Head, Aeropower engines. Here is luxury, smartness, comfort and performance that invites comparison with any car at any price. Available in 5 handsome, beautifully appointed body styles including 4-Door Sedans, Broughams and Convertibles. New lower factory delivered prices start at $1056.00.

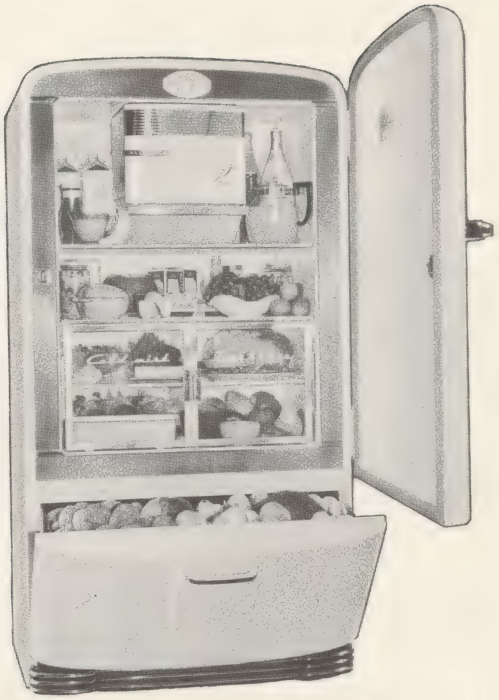


NEW 1941 KELVINATOR AND LEONARD HOUSEHOLD APPLIANCES

New in design—new in features—new in value. The finest electric refrigerators and ranges at new prices to reach every household.

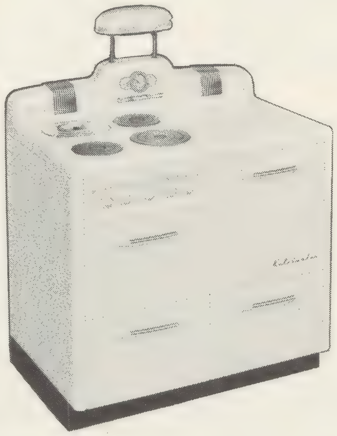


Typical of Leonard's 1941 Beauty and Value, Model LH-6 for $179.95. One of seven models including new Hi-Humid refrigerators, at prices of $114.75 to $209.95.*



Kelvinator's Moist-Master Model M-6

An entirely new type of refrigerator with controlled humidity throughout the entire food compartment, $179.95. Other 1941 models from $114.75 to $209.95.*

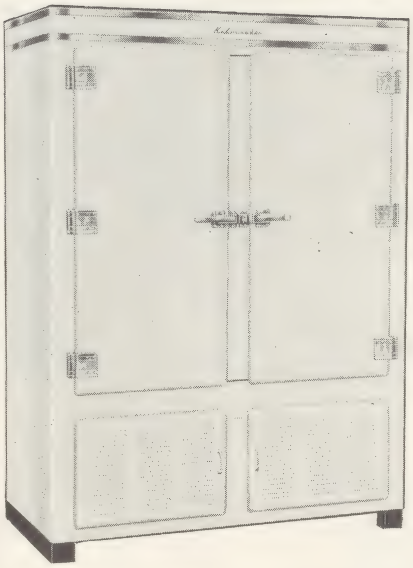


A new de luxe equipped 1941 Kelvinator Electric Range Model ER-417. The finest in electric ranges at a new low price of $169.95. Other models at $99.95 and $139.95.*

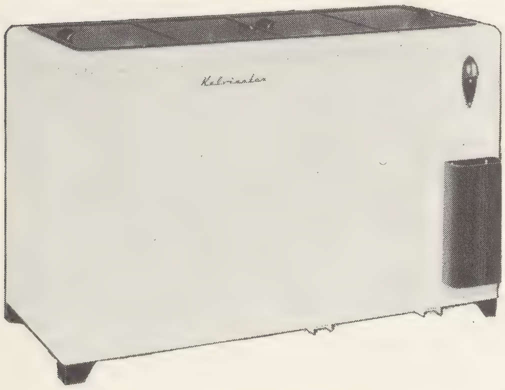
**Prices shown are for delivery in the home but do not include state or local taxes. Prices slightly higher west of the Rockies. Cost of range installation extra.*

FAMOUS
KELVINATOR
PRODUCTS FOR USE THROUGHOUT THE BUSINESS WORLD

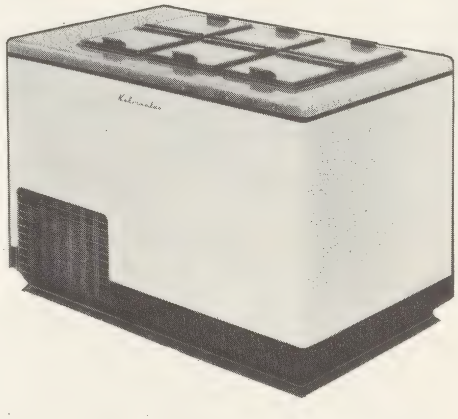
Acknowledged leaders in the commercial refrigeration field . . . with a reputation built up over the years for economy of operation and dependable, service-free performance.



Kelvinator Reach-in Refrigerator is typical of equipment for groceries, meat markets, restaurants, etc. Other commercial equipment includes compressors and coils of various sizes and capacities.



Kelvinator Bottled Beverage Cooler, complete with built-in refrigerating equipment. Opening up new markets for Kelvinator among gasoline stations, drug stores, confectioneries, etc.



Kelvinator's Ice Cream Cabinets feature for 1941 a new sealed condensing unit. Complete line of models for the protection of ice cream, dairy products and frozen foods.

Nash-Kelvinator Corporation

Directors and Officers

SEPTEMBER 30, 1940

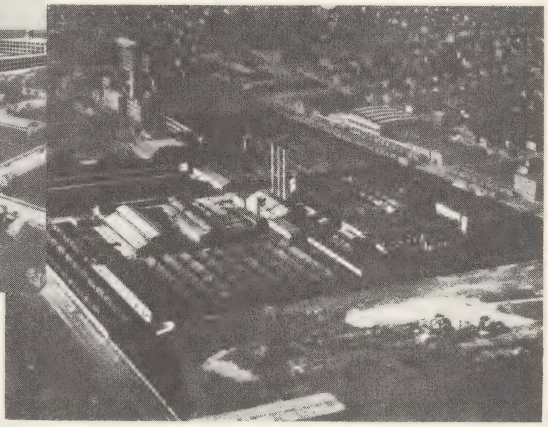
Directors

PERCY J. EBBOTT	*New York City*
GEORGE W. MASON	*Detroit, Michigan*
CHARLES W. NASH	*Beverly Hills, California*
HAROLD G. PERKINS	*Detroit, Michigan*
HARLAN T. PIERPONT	*Worcester, Massachusetts*
ERNEST STAUFFEN, JR.	*New York City*
JAMES T. WILSON	*Kenosha, Wisconsin*

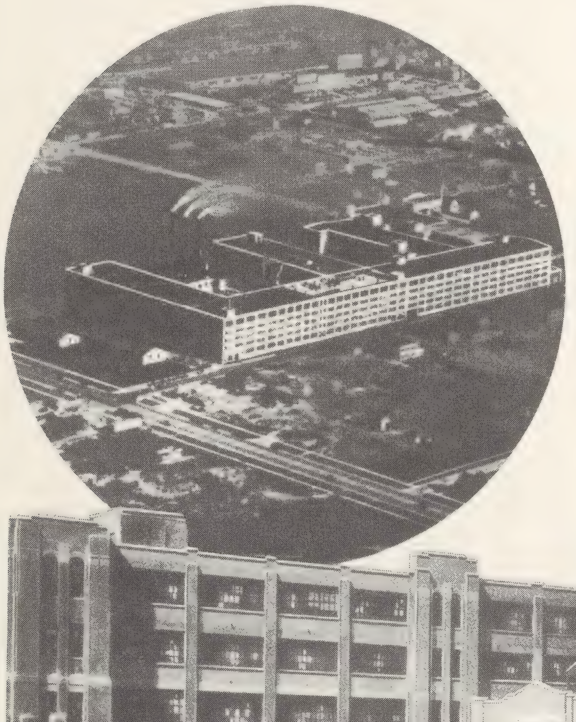
Officers

Chairman of the Board	CHARLES W. NASH
President	GEORGE W. MASON
Vice-President	WILLIAM F. ARMSTRONG
Vice-President	HAROLD G. PERKINS
Vice-President	HOWARD A. LEWIS
Vice-President, Engineering, Nash Motors Division	N. ERIK WAHLBERG
Secretary	HORACE J. MELLUM
Treasurer	GILBERT V. EGAN
Assistant Treasurer	GEORGE H. EDDY
Comptroller	WILLIAM R. CROSETT
Assistant Comptroller	JACK J. TIMPY

Nash Motors Division, Kenosha, Wisconsin

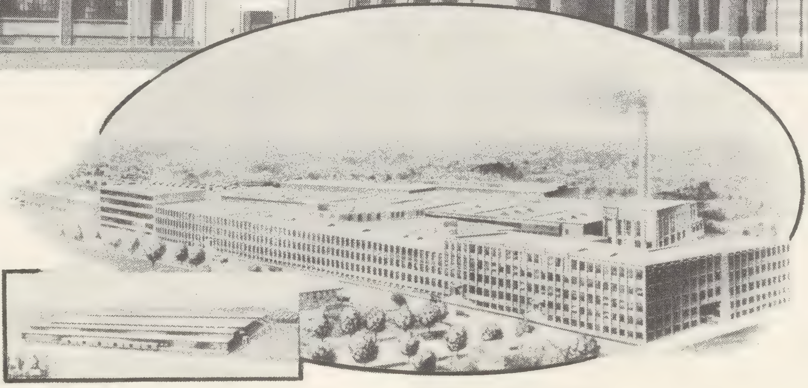


Nash Motors Division, Racine, Wisconsin



Nash Body Plant
Milwaukee, Wisconsin

Kelvinator Factory and
General Administration Building
Detroit, Michigan



Refrigerator Cabinet Plant
Grand Rapids, Michigan

4178.10

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Marvyn Scudder Library

NASH · KELVINATOR CORPORATION

Annual Report
for the Year Ending
September 30, 1941

Library

December 10, 1941

To the Stockholders of Nash-Kelvinator Corporation

Nash-Kelvinator Corporation had a net profit for the fiscal year ended September 30, 1941 of $4,617,052 after all charges including taxes, reserves and depreciation. Profit before income and excess profits taxes was $8,217,052 compared with a profit before taxes for the preceding fiscal year of $1,875,151. Provision for taxes for the current fiscal year was $3,600,000 including $1,500,000 excess profits taxes compared with a provision for income taxes in the preceding year of $370,000 when no provision for excess profits taxes was required. Net working capital increased during the year by $6,398,330 to $25,204,784.

This letter is being written on December 10, 1941, two days after the declaration of war. The Corporation during the past year has made many readjustments preparatory to the existence of a war economy. Its facilities have been made available to the Government and deliveries have been made on a number of products that could be manufactured in the Company's own plants.

In addition, the Corporation has been selected by the Government for the execution of a number of large and important contracts requiring new facilities and its future participation in such manufacture is expected to be greatly intensified.

The Corporation will be a major producer of airplane equipment. Production on present contracts required the preparation and equipment, for the Government, of a major defense plant at Lansing, Michigan. This was leased to the Corporation for the manufacture of Hamilton Standard Hydromatic Propellers and is known as the Propeller Division of Nash-Kelvinator Corporation. Propellers, including hubs, for large bombing planes for both the Army and the Navy will be made there starting in January. A second and larger plant is also being made ready for the Government and will be leased to the Corporation for the manufacture of essential components of Pratt and Whitney airplane engines of approximately 2,000 h.p. Both plants are being financed by the Government. Additional facilities also are being provided for the manufacture of ordnance items.

Not only are the foregoing contracts large in themselves, but even before an actual state of war existed, it was expected that additional and continuing contracts for those products would be received.

For the year just closed the Corporation's profit was the largest for any year since the merger of Nash Motors and Kelvinator, and the profit before taxes was larger than the combined profits before taxes of both Nash and

Kelvinator for any year in the last ten. The results this year show the soundness of the major changes made in the method of distribution and manufacturing policies of Kelvinator and reflect the introduction of the new Nash 600. The Corporation obtained a larger percentage of the total volume in each of its two major industries than it had in the preceding year.

Total sales to customers amounted to $122,045,258 for 1941 compared with $73,489,574 for the preceding year. Both divisions participated relatively in the increase, and both made increased contributions to the net profit of the Corporation.

Nash sales for the fiscal year ended September 30, 1941 amounted to 89,574 units as compared with 53,718 units in the preceding year, the rate of increase being greater than that indicated for the industry as a whole. This has been due principally to the increasing popularity of the Nash 600, the radically new low-priced car which was introduced in the fall of 1940. Sales for that car showed an increasing acceleration during the year as the public began to have more experience with its amazing economy, comfort, and performance. The success of the new "600" strengthened the position of our existing dealers and made possible substantial improvement in our entire dealer organization.

Kelvinator for the second year in succession increased substantially its percentage of the total industry and sales were very much the largest in its entire history.

On June 27, 1941 and again on September 26, 1941, a dividend of 12½ cents per share was paid to stockholders, and another, of equal amount, has been declared for payment on December 29, 1941.

The usual financial statements of the Corporation are included herein.

The immediate future of the Corporation is closely interwoven with the war requirements of our country and it shall be the policy of your company to continue to cooperate in every possible way with the Government toward the attainment of victory and a return to a peacetime economy.

By Order of the
BOARD OF DIRECTORS

G. W. Mason,
President

CONSOLIDATED PROFIT AND LOSS STATEMENT

Nash-Kelvinator Corporation and Subsidiaries

YEAR ENDED SEPTEMBER 30, 1941

Net sales		$122,045,258.19
Cost of products sold	$98,934,725.07	
Selling, advertising, and administrative expenses	14,073,842.81	113,008,567.88
OPERATING PROFIT		$ 9,036,690.31
Dividends received from controlled companies	$ 610,799.87	
Profit on sale of U. S. Government securities	86,362.51	
Interest on U. S. Government securities	25,545.89	
Liquidating dividends received on claims against closed banks	92,478.15	
Sundry other income	227,786.39	1,042,972.81
		$ 10,079,663.12
Provision for five-year warranty on refrigerators	$ 1,305,830.90	
Loss on disposal of property not used in operations	117,828.28	
Sundry income deductions	438,951.16	1,862,610.34
		$ 8,217,052.78
Federal and state taxes on income—estimated:		
Normal income taxes	$ 2,100,000.00	
Excess profits taxes	1,500,000.00	3,600,000.00
NET PROFIT		$ 4,617,052.78

Provision for depreciation in the amount of $1,288,417.65 has been deducted in the above statement.

The Corporation's proportion of the aggregate net profits for the year (in excess of dividends received) amounted to $145,158.55 for unconsolidated domestic subsidiaries and to approximately $34,000.00 (Canadian dollars) for the unconsolidated Canadian subsidiary, including its English subsidiary, which amounts have not been included herein.

CONSOLIDATED BALANCE SHEET

Nash-Kelvinator Corporation and Subsidiaries

SEPTEMBER 30, 1941

CURRENT ASSETS			
Cash on hand and on deposit	$ 7,575,542.24		
Cash on deposit in special account for use exclusively on U. S. Government contract	964,178.83		
U. S. Government securities and guaranteed obligations, at cost plus accrued interest (aggregate quoted market price $10,117,560.98)	10,117,700.27		
U. S. Treasury Notes—Tax Series B—at cost	1,500,000.00	$20,157,421.34	
Notes, acceptances, drafts, and accounts receivable—trade	$ 5,411,976.94		
Less reserve	199,734.26	5,212,242.68	
Inventories—at lower of cost or market		12,800,034.80	$38,169,698.82
INVESTMENTS AND OTHER ASSETS			
Investments in and advances to unconsolidated subsidiaries—at cost, adjusted where required for losses since acquisition:			
Capital stock of Refrigeration Discount Corporation—wholly-owned	$ 4,200,000.00		
Capital stock ($62,211.68) of, and advances ($312,505.10) to Kelvinator of Canada, Ltd.—not wholly-owned	374,716.78		
Capital stock of other domestic subsidiaries—not wholly-owned	781,284.12		
Advances to unconsolidated domestic subsidiaries	133,391.02	$ 5,489,391.92	
Balances in connection with closed banks, less reserve of $111,768.80		1.00	
Cash surrender value of life insurance		209,160.00	
Land contracts, mortgages, and real estate held for sale		276,661.76	
Traveling advances and accounts—officers and employees		39,361.10	
Miscellaneous investments, notes, accounts, and advances		362,965.67	6,377,541.45
PROPERTY, PLANT AND EQUIPMENT—at cost			
Used in operations:			
Land		$ 1,346,013.04	
Buildings, equipment, and dies	$24,288,043.94		
Less reserves for depreciation	9,732,752.04	14,555,291.90	
		$15,901,304.94	
Not used in operations:			
Land	$ 109,267.76		
Buildings less reserves of $509,200.98 for depreciation	466,745.85	576,013.61	16,477,318.55
PATENTS AND GOOD WILL			2.00
DEFERRED CHARGES			
Prepaid taxes, insurance, and advertising		$ 457,082.86	
Improvements to leased properties, less amortization, and sundry deferred charges		21,452.23	478,535.09
			$61,503,095.91

The Corporation's aggregate proportion of undistributed profits, less losses of unconsolidated subsidiaries (in excess of dividends from dates of acquisition), amounted to $441,003.08 for domestic subsidiaries and to approximately $440,000.00 (Canadian dollars) for the Canadian subsidiary (including its English subsidiary).

CONSOLIDATED BALANCE SHEET

Nash-Kelvinator Corporation and Subsidiaries

SEPTEMBER 30, 1941

CURRENT LIABILITIES				
Accounts payable for purchases, expenses, pay rolls, etc.			$ 7,786,827.28	
Accrued expenses			578,086.72	
Advance from U. S. Government			1,000,000.00	
Federal and state taxes on income—estimated			3,600,000.00	$12,964,914.00
RESERVES				
For five-year warranty on refrigerators			$ 2,976,752.94	
For warranties, operating and service requirements			1,011,163.93	
Contingencies			1,000,000.00	4,987,916.87
CAPITAL STOCK AND SURPLUS				
Capital stock, par value $5.00 per share:				
Authorized	5,000,000 shares			
Issued	4,375,600 shares		$21,878,000.00	
In treasury, of which 50,000 shares are reserved for existing stock purchase plan	84,364⅝ shares		421,823.12	
Outstanding	4,291,235⅜ shares		$21,456,176.88	
Surplus (restricted in amount of $421,823.12 representing the par value of shares held in treasury):				
Capital surplus		$ 6,438,911.56		
Earned surplus		15,655,176.60	22,094,088.16	43,550,265.04

CONTINGENT LIABILITIES

As endorser of installment contracts discounted with Refrigeration Discount Corporation; under an agreement with the same company to repurchase any repossessed products at the unpaid balances or to assume 25% of the loss on the dealers' trust receipts when the merchandise cannot be repossessed; to pay to the same company 50% of the unpaid balance on certain retail contracts in case of repossession by the discounting dealers; and to purchase from independent finance companies repossessed refrigerators and cars sold at retail.

$61,503,095.91

CONSOLIDATED STATEMENT OF SURPLUS

Nash-Kelvinator Corporation and Subsidiaries

YEAR ENDED SEPTEMBER 30, 1941

CAPITAL SURPLUS	
Balance at October 1, 1940	$ 6,439,088.81
Deduct excess of the cost over the par value of 47¼ shares of capital stock represented by fractional shares purchased during the year	177.25
Balance at September 30, 1941	$ 6,438,911.56
EARNED SURPLUS	
Balance at October 1, 1940	$12,111,029.89
Net profit for the year	4,617,052.78
	$16,728,082.67
Cash dividends paid ($0.25 per share)	1,072,906.07
Balance at September 30, 1941	$15,655,176.60

Surplus is restricted in the amount of $421,823.12 representing the par value of shares held in the treasury.

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ERNST & ERNST
Detroit

December 4, 1941

Board of Directors,
Nash-Kelvinator Corporation,
Detroit, Michigan.

We have examined the consolidated balance sheet of Nash-Kelvinator Corporation and consolidated subsidiaries as of September 30, 1941, and the consolidated statements of profit and loss and surplus for the year then ended, have reviewed the system of internal control and accounting procedures of the companies and, without making a detailed audit of the transactions, have examined or tested accounting records of the companies and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary. Such procedures included appropriate test communication with debtors on trade notes, acceptances, drafts, and accounts receivable, and observation of procedures followed in determining physical inventory quantities and test checks of the quantity determinations.

In our opinion, the accompanying balance sheet and related statements of profit and loss and surplus present fairly the consolidated position of Nash-Kelvinator Corporation and its consolidated subsidiaries at September 30, 1941, and the consolidated results of their operations for the fiscal year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ERNST & ERNST
Certified Public Accountants

CONSOLIDATED BALANCE SHEET

Refrigeration Discount Corporation and Subsidiary

SEPTEMBER 30, 1941

ASSETS

Cash on hand and on deposit		$ 1,401,625.68
Contracts, notes, and accounts receivable—Note A:		
Retail contracts—dealers and Nash-Kelvinator branches	$16,496,755.76	
Ice cream cabinet contracts	948,929.73	
Floor-plan notes secured by trust receipts	1,932,298.40	
Loans secured by retail contracts	8,749.22	
Miscellaneous accounts receivable	1,623.22	
	$19,388,356.33	
Less: Unearned discounts and service charges included in above	$ 1,611,304.60	
Reserve for losses	276,579.00	
	$ 1,887,883.60	17,500,472.73
Other Assets:		
Deposit with depositors' committee of closed bank, less reserve of $16,649.95	$ 1.00	
Traveling advances and accounts—employees	474.29	
Miscellaneous accounts receivable	14,701.04	15,176.33
Furniture and fixtures at cost, less reserves for depreciation		46,933.14
Deferred charges:		
Prepaid interest	$ 17,614.57	
Prepaid taxes	13,368.04	30,982.61
		$18,995,190.49

LIABILITIES

Notes payable—Note A			$13,250,000.00
Accounts payable:			
Due Nash-Kelvinator Corporation for contracts purchased, etc.		$ 123,028.45	
For state, local, and pay roll taxes and current expenses		39,065.54	
Miscellaneous		4,957.90	167,051.89
Accrued federal capital stock tax			20,355.60
Federal taxes on income—estimated			171,597.14
Amounts withheld on contracts purchased			936,650.35
Capital stock and surplus:			
Preferred stock—$6.00 per share cumulative dividend—par value $100.00 per share:			
Authorized 15,000 shares			
Issued and outstanding 12,000 shares	$1,200,000.00		
Common stock—par value $100.00 per share:			
Authorized 40,000 shares			
Issued and outstanding 32,000 shares	3,200,000.00	$ 4,400,000.00	
Earned surplus		49,535.51	4,449,535.51
			$18,995,190.49

Note A—Contracts, notes, and accounts receivable are held by a trustee, pursuant to a resolution of the board of directors dated October 2, 1936, as collateral security for all notes payable of the Corporation.

Board of Directors,
Refrigeration Discount Corporation,
Detroit, Michigan.

We have examined the consolidated balance sheet of Refrigeration Discount Corporation and subsidiary as of September 30, 1941, have reviewed the system of internal control and accounting procedures of the companies and, without making a detailed audit of the transactions, have examined or tested accounting records of the companies and other supporting evidence by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary. Such procedures included appropriate test communication with debtors on contracts, notes, and accounts receivable.

In our opinion, the foregoing balance sheet presents fairly the consolidated position of Refrigeration Discount Corporation and subsidiary at September 30, 1941, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Detroit, Michigan
December 4, 1941

ERNST & ERNST
Certified Public Accountants

THE 1942 PRODUCTS OF YOUR CORPORATION

Nash Motors Division

Nash Ambassador "600" • Nash Ambassador Six

Nash Ambassador Eight

Kelvinator Division

Kelvinator Household Electric Refrigerators

Commercial Refrigerators and Condensing Units

Electric Ranges

Electric Water Heaters

Ice Cream Cabinets

Bottled Beverage Coolers

Leonard Division

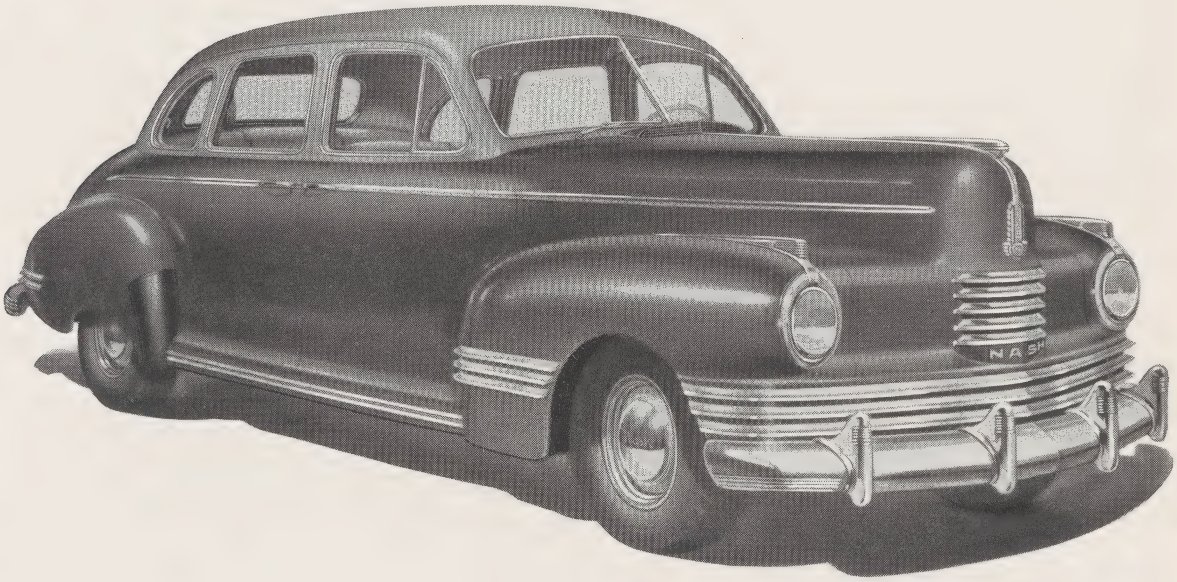
Leonard Household Electric Refrigerators

A few of the typical products manufactured by your corporation are illustrated on the following pages.

1942 NASH

Nash motor cars for 1942 are built in three series, and offer a choice of 15 beautiful models ranging in price from the lowest to the medium-price fields.

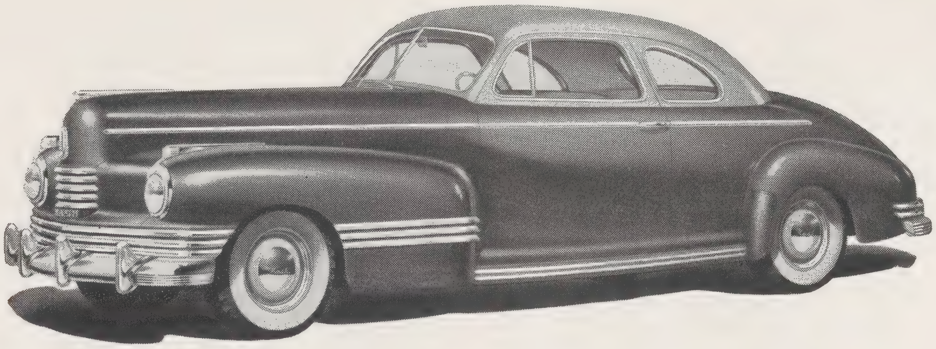
New in design and appearance, and with traditional Nash quality and dependability built into their every inch, we honestly believe these cars to be the soundest values on the market today.



THE NASH AMBASSADOR "600"

This is the "New Kind of Car" Nash has built to sell in the lowest-price field. Incorporating new design and construction, it offers economy, performance and comfort new to the automotive world. For all its size and roominess, it goes 25 to 30 miles on a gallon of gasoline, at highway speed. It has soft coil springs on all four wheels, Two-Way Roller Steering and a "Unitized" body-frame construction that is not only stronger and safer, but, roomier as well. Actually the "600" is a big car with all the advantages of a small car.

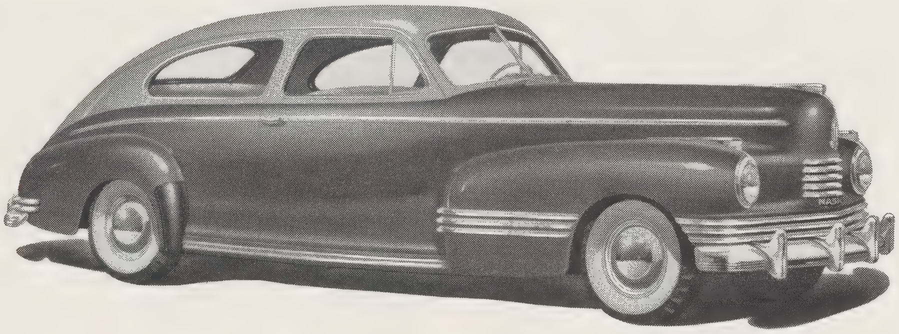
Five Beautiful Body Styles . . . 196½ Inches Overall Length



THE NASH AMBASSADOR SIX

America's fine car that sells in the popular low-medium price field. Powered by the 6-cylinder Valve-in-Head engine long famous for its unusual economy and dependability, important engineering refinements for 1942 further enhance its already enviable reputation. Weather Eye Conditioned Air and the Sedan Sleeper Bed, optional features, are available in this, and all other series of Nash cars for 1942.

Five Body Styles . . . 105 Horsepower . . . 205½ Inches Overall Length



THE NASH AMBASSADOR EIGHT

The finest motor car ever offered by one of the Industry's pioneer quality car builders. A great new Eight with distinctive styling, comfort and luxurious appointments to challenge any car at any price. Its big 8-cylinder, valve-in-head engine is outstanding for quiet smoothness, yet amazing in performance and economy. Built with traditional Nash dependability to last for years, the Ambassador Eight is in the medium-price field.

Five Body Styles . . . 115 Horsepower . . . 205½ Inches Overall Length

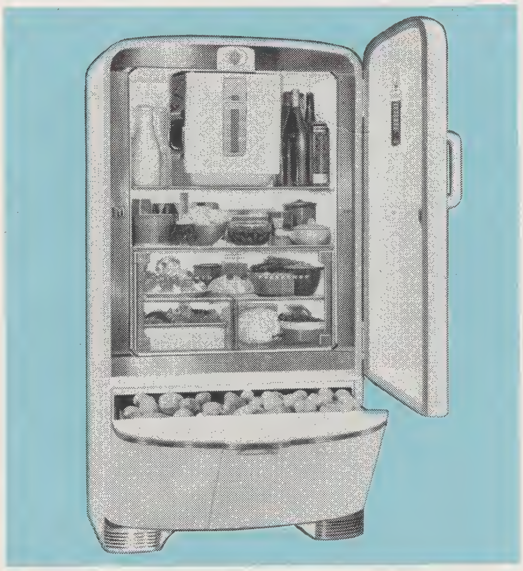
1942 KELVINATOR AND LEONARD

Household Appliances

Kelvinator and Leonard household appliances for 1942 meet the requirements of the modern homemaker more perfectly than ever before. All Kelvinator and Leonard refrigerators, and Kelvinator electric ranges, have advantages unknown just a few years ago.

KELVINATOR MOIST-MASTER MODEL M-9

Kelvinator's exclusive Moist-Master system provides a greatly improved method of storing food by scientific control of temperature, humidity and air circulation. Of the six 1942 Kelvinators, two are Moist-Masters.



THE 1942 LEONARD MODEL LH-7

"Better Than Ever" describes the new 1942 Leonard refrigerators. The LH-7, illustrated, is one of six beautiful models in the 1942 Leonard line.

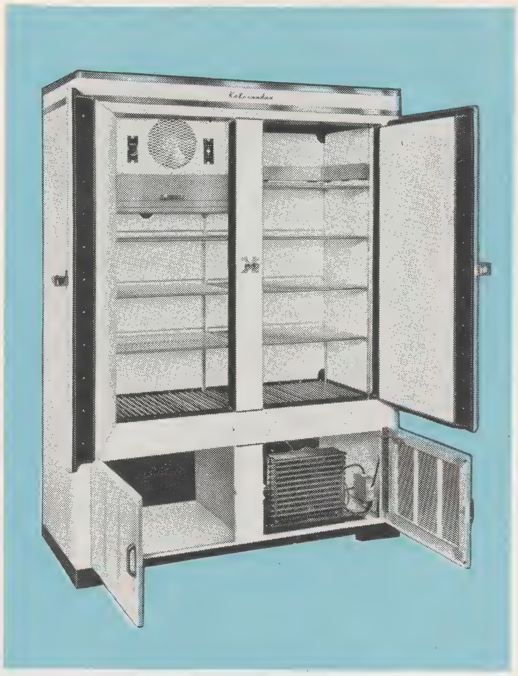
KELVINATOR ELECTRIC RANGE, ER-427

One of three big-value models for 1942. Has the new "Kelvin Maid" feature, which "starts-times-stops" cooking operations, automatically.

FAMOUS KELVINATOR

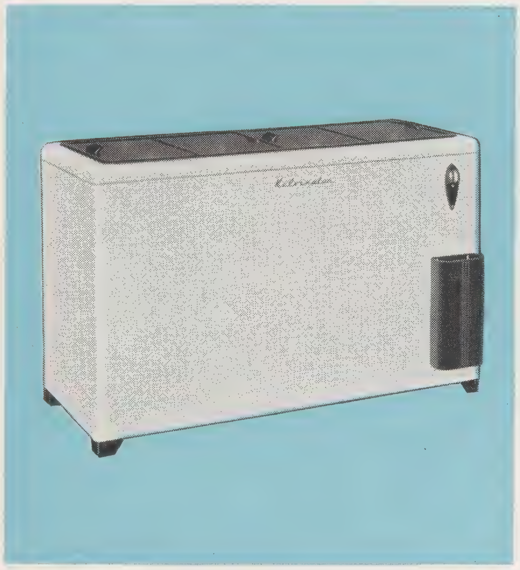
Products for Use Throughout the Business World

Kelvinator's commercial refrigeration products are famed the world over for dependable, economical performance, and outstanding value. Models shown are representative of Kelvinator's Commercial Line.



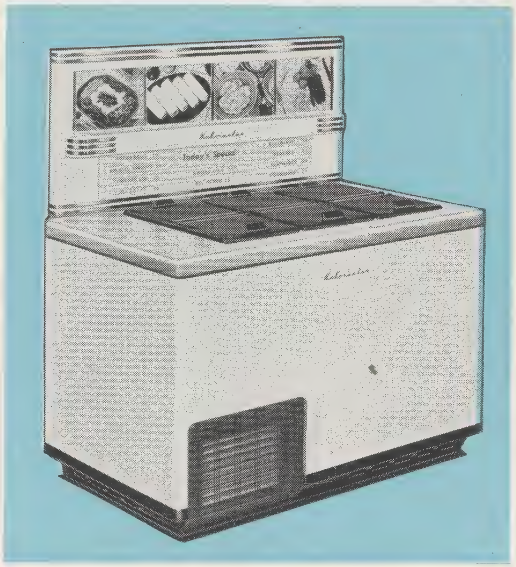
REACH-IN REFRIGERATORS

Extra-large capacity—20 or 30 cubic feet—for grocery stores, meat markets, restaurants and large homes. Commercial line also includes condensing units of various capacities.



BOTTLED BEVERAGE COOLERS

Combine attention-compelling display value with efficient performance, to assure that bottled beverages will be served under proper conditions to increase sales and build repeat business.

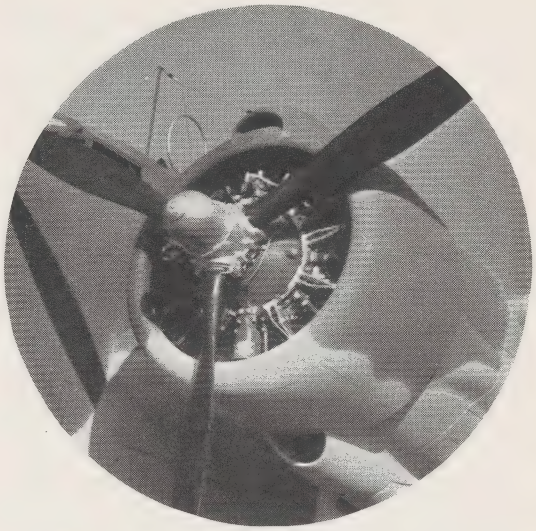


KELVINATOR ICE CREAM CABINETS

Designed to meet the Ice Cream Industry's requirements for eye appeal, convenience, durability and all-around economy of operation. Equipped with Kelvinator's famous Polarsphere Sealed Unit.

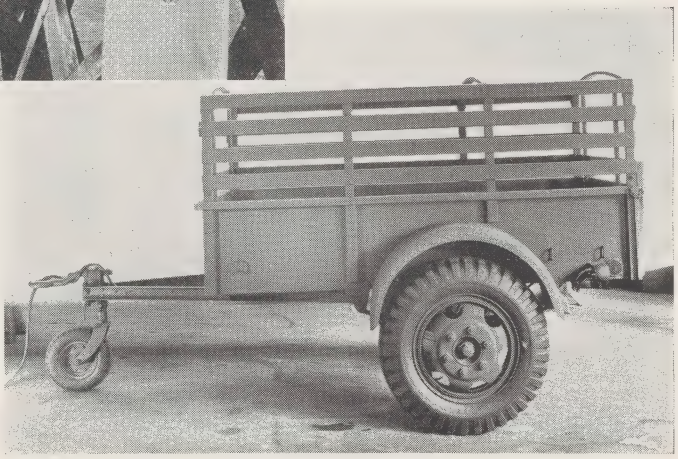
EXPANDED TO SERVE AMERICA AND YOU

Work is already under way at Nash-Kelvinator on a number of important contracts for such products as airplane propellers, engine parts, army trailers and other materials for America's war effort. To fulfill these contracts . . . awarded because of a personnel skilled in precision manufacture . . . new factories, new machinery, and an ever-increasing army of workers have been added to this great organization—all pledged to the gigantic task of helping America arm to win.



★ *Important precision components of powerful aircraft engines are among the several defense contracts awarded Nash-Kelvinator.*

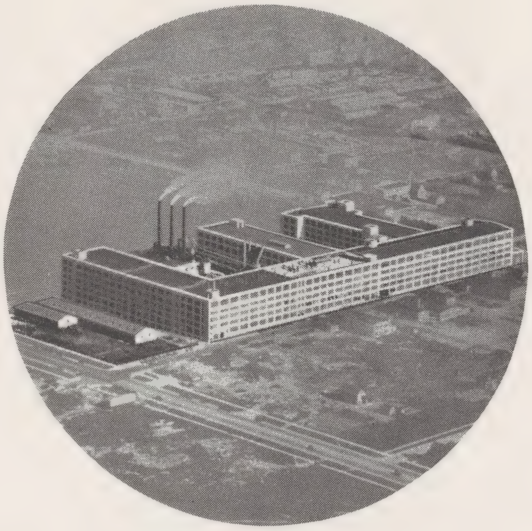
★ *One of the large defense contracts on which Nash-Kelvinator is working is for Airplane Propellers.*



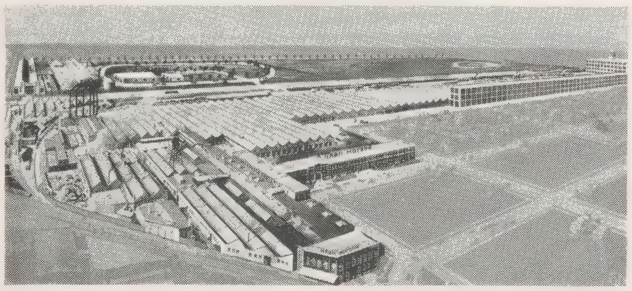
★ *Nash Motors Division, as part of its war effort, builds army trailers of the type illustrated here.*

GEARED TO GROW WITH AMERICA'S INDUSTRIES

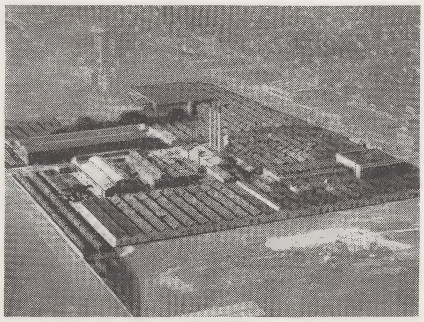
Nash-Kelvinator Corporation occupies a position of growing importance among the great industries of America. With unexcelled engineering and production facilities, and vast financial resources, Nash-Kelvinator is able to design and manufacture electric appliances and motor cars as fine as their respective industries can boast, at prices which represent exceptional economy to their purchasers . . . products which enjoy a world-wide reputation for fine quality and outstanding value.



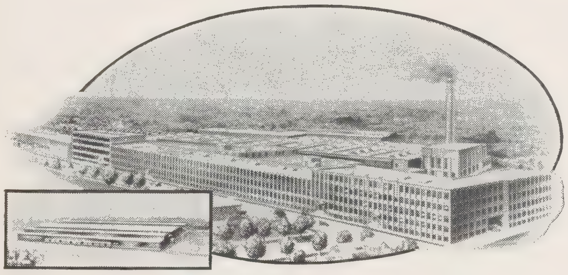
Nash Body Plant
Milwaukee, Wisconsin



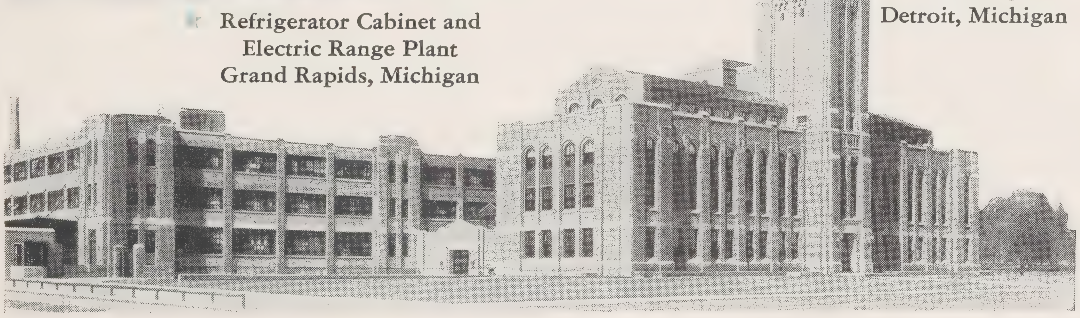
Nash Motors Division, Kenosha, Wisconsin



Nash Motors Division
Racine, Wisconsin



Refrigerator Cabinet and
Electric Range Plant
Grand Rapids, Michigan



Kelvinator Factory
and General
Administration
Building
Detroit, Michigan

NASH-KELVINATOR CORPORATION

Directors and Officers

SEPTEMBER 30, 1941

Directors

Percy J. Ebbott	*New York City*
George W. Mason	*Detroit, Michigan*
Charles W. Nash	*Beverly Hills, California*
Harold G. Perkins	*Detroit, Michigan*
Harlan T. Pierpont	*Worcester, Massachusetts*
Ernest Stauffen, Jr.	*New York City*
James T. Wilson	*Kenosha, Wisconsin*

Officers

Chairman of the Board	Charles W. Nash
President	George W. Mason
Vice-President	William F. Armstrong
Vice-President	Harold G. Perkins
Vice-President	Howard A. Lewis
Vice-President in Charge of Sales	Frank R. Pierce
Vice-President of Operations, Nash Motors Division	Ray A. DeVlieg
Vice-President, Engineering, Nash Motors Division	N. Erik Wahlberg
Secretary	Horace J. Mellum
Treasurer	Gilbert V. Egan
Comptroller	William R. Crosett
Assistant Comptroller	Jack J. Timpy

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NASH-KELVINATOR CORPORATION

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ANNUAL REPORT
FOR THE YEAR ENDING
SEPTEMBER 30, 1942

December 15, 1942

To the Stockholders of Nash-Kelvinator Corporation:

Nash-Kelvinator Corporation is devoting its entire effort to the war. It is a major producer of airplane propellers and aircraft engines and is manufacturing a number of ordnance and other items. It is impossible in wartime to discuss in detail the work which the Corporation is doing, but it can be said that it has undertaken projects which, when facilities are in complete operation, will require production at a rate at least four times the rate of our best peacetime years. Production, which is expected to reach its peak attainments during the calendar year 1943, is increasing rapidly and during the quarter ended September 30, 1942, was substantially in excess of that for the preceding quarter. It is now up to or ahead of schedule on all projects.

Manufacture of motor cars ceased by Government order on January 31, 1942 and the manufacture of refrigerators on April 30, 1942. Sales of motor cars and refrigeration units on hand at those dates continued under government restriction but were not relatively important after the respective freezing dates. Plants had to be converted to war production and some time elapsed before they could be producing war materials in quantity.

The Corporation had a net profit after taxes for the year ended September 30, 1942 of $3,828,755, compared with a net profit after taxes for the preceding year of $4,617,052. Net income for the fiscal year just closed resulted in large part from the contribution of civilian business on an extensive scale up to the time of stopping of production. Costs of the shut-down have been substantial and have been charged against income for the year. Special tools and dies for civilian products have been entirely amortized. Raw materials on hand at the cessation of manufacture have been liquidated in large part. The inventories of finished and in process parts and assemblies for both automobiles and refrigerators are being retained for use at the resumption of normal manufacturing. This segregated inventory amounted to approximately $2,000,000 after the application of revaluations believed to be a reasonable appraisal of losses inherent in such materials. Settlements have been made with the Corporation's suppliers on all unliquidated purchase commitments for civilian products.

Most of the Corporation's war contracts are on the basis of cost-plus-a-fixed fee. All of its war contracts of course are subject to the War Profits Control Act, but the uncertainties of the determinations under that act make it impossible to estimate the effect, if any, of the renegotiation procedures.

Working capital of the Corporation increased $4,960,104 during the year, and this has been supplemented by advances from the government for specific contracts. New facilities necessary for the performance of the war contracts for the most part have been furnished by the government.

Shortly after the cessation of the manufacture of civilian goods the Corporation's President asked that his employment contract be amended to eliminate the profit sharing provision, beginning as of October 1, 1941. The directors accordingly in June entered into a new contract with the President extending the term of employment to September 30, 1947, at the same salary, and providing for a pension upon retirement or a payment of one year's salary in the event of death or termination of employment, prior to the retirement age. Provision was made for consideration of a profit sharing arrangement when the Corporation's activity is again largely devoted to civilian products. The price of the shares reserved for sale to the President was adjusted to the quoted market price as of the date of the new contract. Payments under the new contract for the calendar year 1943 will of course be in conformity with wartime salary limitations fixed by law.

Refrigeration Discount Corporation has been engaged in financing retail and wholesale paper arising out of the sale of the Corporation's regular products particularly refrigerators. Since little new financing is available during the period of government restriction, the Discount Corporation's portfolio is gradually shrinking, and profits of that company are declining accordingly. Other subsidiaries and companies in which the Corporation has a substantial interest are engaged almost entirely on war work. Total dividends received from subsidiary or affiliated companies during the fiscal year amounted to $496,792 compared with $610,799 in the preceding year.

For the portion of the year in which civilian sales were being made, the Corporation increased its participation in the automobile and refrigeration fields. Now, however, it has but one task—to do everything it can to help in the production of material for the prosecution of the war. Its entire facilities and organization are directed to that job.

By Order of the
BOARD OF DIRECTORS

G. W. Mason,
President

CONSOLIDATED PROFIT AND LOSS STATEMENT

Nash-Kelvinator Corporation and Subsidiaries

YEAR ENDED SEPTEMBER 30, 1942

Net sales of civilian and war products including billable costs and fees on cost-plus-fixed-fee contracts			$82,061,475.23
Other income:			
Dividends received from controlled companies		$ 496,792.30	
Profit on sale of U. S. Government securities		140,203.84	
Interest on U. S. Government securities		73,241.56	
Net gain on disposal of property and equipment		339,765.89	
Portion of operating reserves no longer required		304,316.32	
Sundry other income		288,801.47	1,643,121.38
			$83,704,596.61
Less:			
Cost of products sold		$69,032,762.81	
Revaluation of automotive and refrigerator inventories		750,000.00	
Selling, advertising, and administrative expenses		6,076,107.52	
Provision for five-year warranty on refrigerators		145,377.98	
Interest paid		40,834.82	
Sundry income deductions		95,758.11	
Provision for post-war reconversion of plants		150,000.00	
Federal and state taxes on income—estimated:			
Normal income taxes and surtax	$1,680,000.00		
Federal excess profits tax	1,925,000.00		
	$3,605,000.00		
Less post-war refund of federal excess profits tax	20,000.00	3,585,000.00	79,875,841.24
NET PROFIT			$ 3,828,755.37

Provision for depreciation in the amount of $1,247,983.29 has been deducted in the above statement.

Prices received by the Corporation on certain contracts and subcontracts for war materials may be subject to renegotiation and adjustment under provisions of the War Profits Control Act. Because of the uncertainties involved, the effect, if any, of such Act upon the financial statements of the Corporation cannot presently be determined.

The Corporation's portion of the aggregate net profits, less dividends received for the year, which have not been reflected herein, amounted to $125,626.89 for unconsolidated domestic subsidiaries and to approximately $159,000.00 (Canadian dollars) for the unconsolidated Canadian subsidiary, including its English subsidiary.

CONSOLIDATED

Nash-Kelvinator Corp

SEPTEM

CURRENT ASSETS			
Cash (including $4,104,094.22 restricted to use on United States Government contracts—Note A)			$11,468,750.49
United States Government securities, at cost plus accrued interest (aggregate quoted market price $10,293,928.18)			10,333,443.16
War Savings Bonds for sale to employees and deposits made for purchase thereof			87,731.25
Notes, acceptances, drafts, and accounts receivable, including billings for costs and fees on cost-plus-fixed-fee contracts, less reserve of $163,120.27—Note A			7,686,728.80
Unbilled costs and fees on cost-plus-fixed-fee contracts—Note A			12,009,118.34
Reimbursable expenditures for production facilities			1,543,616.60
Inventories—at lower of cost (first-in, first-out) or market—Note B			9,407,733.86
TOTAL CURRENT ASSETS			$52,537,122.50
INVESTMENTS AND OTHER ASSETS			
Investments in and advances to unconsolidated subsidiaries at cost, adjusted where required for losses since acquisition:			
Capital stock of Refrigeration Discount Corporation—wholly-owned		$ 3,000,000.00	
Capital stock ($62,211.68) of, and advances ($172,130.46) to Kelvinator of Canada, Ltd.—not wholly-owned		234,342.14	
Capital stock of other domestic subsidiaries—not wholly-owned		839,668.30	
Advances to unconsolidated domestic subsidiaries		5,383.20	
		$ 4,079,393.64	
Balances in connection with closed banks, less reserve of $95,407.47		1.00	
Cash surrender value of life insurance		228,880.00	
Land contracts, mortgages, and real estate held for sale		731,943.44	
Post-war refund of excess profits tax—estimated		20,000.00	
Traveling advances and accounts—officers and employees		35,539.17	
Miscellaneous investments, notes, accounts, and advances		343,540.08	5,439,297.33
PROPERTY, PLANT, AND EQUIPMENT—at cost			
Land		$ 1,360,269.88	
Buildings, equipment, and dies	$22,928,560.36		
Less reserves for depreciation	10,468,011.56	12,460,548.80	13,820,818.68
PATENTS AND GOOD WILL			2.00
DEFERRED CHARGES			
Prepaid taxes, insurance, and advertising		$ 422,759.96	
Improvements to leased properties, less amortization, and sundry deferred charges		21,798.35	444,558.31
			$72,241,798.82

ALANCE SHEET

tion and Subsidiaries

30, 1942

CURRENT LIABILITIES				
Accounts payable for purchases, expenses, pay rolls, etc.				$ 7,011,603.83
Accrued expenses				530,829.11
Federal and state taxes on income—estimated				3,905,000.00
Advance payments on cost-plus-fixed-fee contracts, less amount of $2,500,000.00 not entirely released for use—Note A				10,924,800.00
TOTAL CURRENT LIABILITIES				$22,372,232.94
RESERVES				
For five-year warranty on refrigerators			$ 2,747,195.49	
For warranties, operating, and service requirements			889,441.61	
For contingencies			1,000,000.00	4,636,637.10
CAPITAL STOCK AND SURPLUS				
Capital stock, par value $5.00 per share:				
Authorized	5,000,000 shares			
Issued	4,375,600 shares		$21,878,000.00	
In treasury, of which 50,000 shares are reserved for existing stock purchase plan at $5.00 per share	84,397½ shares		421,987.51	
Outstanding	4,291,202½ shares		$21,456,012.49	
Surplus (restricted in amount of $421,987.51 representing the par value of shares held in treasury):				
Capital surplus		$ 6,438,788.25		
Earned surplus		17,338,128.04	23,776,916.29	45,232,928.78
				$72,241,798.82

CONTINGENT LIABILITIES

As endorser of installment contracts discounted with Refrigeration Discount Corporation; under an agreement with the same company to repurchase any repossessed products at the unpaid balances or to assume 25% of the loss on dealers' trust receipts when the merchandise cannot be repossessed; to pay to the same company 50% of the unpaid balance on certain retail contracts in case of repossession by the discounting dealers; and to purchase from independent finance companies repossessed refrigerators and cars sold at retail. The Corporation has also guaranteed certain banks and finance companies against losses on advances aggregating $346,062.00 made under the Nash Dealer Monthly Income Plan.

Note A—In connection with the advance payments on cost-plus-fixed-fee contracts, the Corporation has agreed to use such funds solely for the purposes of the contracts, and reimbursements of costs are to be deposited in bank accounts restricted to such use.

Note B—The inventories include raw materials and partly manufactured products completely restricted by Government order as to manufacture, and which accordingly are not expected to be sold until resumption of manufacture of civilian products. Such items are included in inventories in the amount of approximately $2,000,000.00 after adjustment for estimated loss. Finished products under government restriction as to sale are expected to be released for sale from time to time during the ensuing year.

Note C—The Corporation's aggregate proportion of undistributed profits of unconsolidated subsidiaries from dates of acquisition amounted to $566,629.97 for domestic subsidiaries and to approximately $624,000.00 (Canadian dollars) for the Canadian subsidiary, including its English subsidiary.

CONSOLIDATED STATEMENT OF SURPLUS

Nash-Kelvinator Corporation and Subsidiaries

YEAR ENDED SEPTEMBER 30, 1942

CAPITAL SURPLUS

Balance at October 1, 1941	$ 6,438,911.56
Deduct excess of the cost over the par value of 32⅞ shares of capital stock, represented by fractional shares, purchased during the year	123.31
Balance at September 30, 1942	$ 6,438,788.25

EARNED SURPLUS

Balance at October 1, 1941	$15,655,176.60
Net profit for the year	3,828,755.37
	$19,483,931.97
Cash dividends paid—$0.50 per share	2,145,803.93
Balance at September 30, 1942	$17,338,128.04

Surplus is restricted in the amount of $421,987.51 representing the par value of shares held in the treasury.

ERNST & ERNST
DETROIT

December 2, 1942

Board of Directors,
Nash-Kelvinator Corporation,
Detroit, Michigan.

We have examined the consolidated balance sheet of Nash-Kelvinator Corporation and consolidated subsidiaries as of September 30, 1942, and the consolidated statements of profit and loss and surplus for the year then ended, have reviewed the system of internal control and the accounting procedures of the companies and, without making a detailed audit of the transactions, have examined or tested accounting records of the companies and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary, except that it was found to be impracticable to confirm by direct communication the amounts receivable from the United States Government with respect to which our other auditing procedures satisfied us as to the propriety of the amounts as stated. We were present at appropriate times during the taking of inventories of Corporation-owned materials and products, observed procedures followed, and made test checks of quantity determinations.

In our opinion, the accompanying balance sheet and related statements of profit and loss and surplus present fairly the consolidated position of Nash-Kelvinator Corporation and its consolidated subsidiaries at September 30, 1942, and the consolidated results of their operations for the fiscal year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Ernst & Ernst
Certified Public Accountants

CONSOLIDATED BALANCE SHEET

Refrigeration Discount Corporation and Subsidiary

SEPTEMBER 30, 1942

ASSETS

Cash		$ 1,344,632.01
Contracts, notes, and accounts receivable—Note A:		
Retail contracts	$10,152,428.10	
Ice cream cabinet contracts	526,508.56	
Floor plan notes secured by trust receipts	1,443,177.06	
Advances secured by assignment of contracts for installment of equipment	202,910.70	
Miscellaneous loans and accounts receivable	14,544.41	
	$12,339,568.83	
Less: Unearned discount and service charges	$ 851,120.74	
Reserve for losses	325,138.65	
	$ 1,176,259.39	11,163,309.44
Other assets:		
Deposit with depositors' committee of closed bank, less reserve of $16,649.95	$ 1.00	
Post-war refund of excess profits taxes—estimated	1,622.91	
Traveling advances and accounts—employees	1,184.80	
Miscellaneous accounts receivable	25,512.25	28,320.96
Furniture and fixtures—at cost, less reserves for depreciation		39,177.54
Prepaid interest, insurance, and taxes		10,583.96
		$12,586,023.91

LIABILITIES

Notes payable (including $4,600,000.00 due within one year)—Note A		$ 8,000,000.00
Accounts payable:		
Due Nash-Kelvinator Corporation for contracts purchased, etc.	$ 5,383.20	
For state, local, and pay roll taxes and current expenses	63,549.71	68,932.91
Accrued federal capital stock tax		17,545.00
Federal taxes on income—estimated		355,472.14
Amount withheld on contracts purchased		858,519.01
Capital stock and surplus:		
Preferred stock, par value $100.00 per share:		
Authorized and issued 15,000 shares	$ 1,500,000.00	
Redeemed 15,000 shares	1,500,000.00	
Common stock, par value $100.00 per share:		
Authorized 40,000 shares		
Issued and outstanding 32,000 shares	$ 3,200,000.00	
Earned surplus	85,554.85	3,285,554.85
		$12,586.023.91

NOTE A—Contracts, notes, and accounts receivable are held by a trustee, pursuant to a resolution of the board of directors dated October 2, 1936, as collateral security for all notes payable of the Corporation.

Board of Directors,
Refrigeration Discount Corporation,
Detroit, Michigan.

We have examined the consolidated balance sheet of Refrigeration Discount Corporation and subsidiary as of September 30, 1942, have reviewed the system of internal control and the accounting procedures of the companies and, without making a detailed audit of the transactions, have examined or tested accounting records of the companies and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary. Such procedures included appropriate test communication with debtors on contracts, notes, and accounts receivable.

In our opinion, the foregoing consolidated balance sheet presents fairly the consolidated position of Refrigeration Discount Corporation and subsidiary at September 30, 1942, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Detroit, Michigan
December 2, 1942

ERNST & ERNST
Certified Public Accountants

NASH-KELVINATOR CORPORATION

Directors and Officers

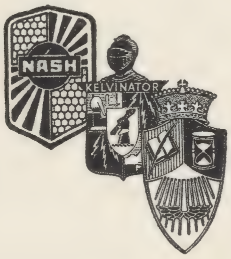
★

DIRECTORS

Percy J. Ebbott	*New York City*
George W. Mason	*Detroit, Michigan*
Charles W. Nash	*Beverly Hills, California*
Harold G. Perkins	*Detroit, Michigan*
Harlan T. Pierpont	*Worcester, Massachusetts*
Ernest Stauffen, Jr.	*New York City*
James T. Wilson	*Kenosha, Wisconsin*

OFFICERS

Chairman of the Board	Charles W. Nash
President	George W. Mason
Vice-President	William F. Armstrong
Vice-President	Harold G. Perkins
Vice-President	Howard A. Lewis
Vice-President in Charge of Sales	Frank R. Pierce
Vice-President of Operations, Nash Motors Division	Ray A. DeVlieg
Vice-President, Engineering, Nash Motors Division	N. Erik Wahlberg
Secretary	Horace J. Mellum
Treasurer	Gilbert V. Egan
Comptroller	William R. Crosett
Assistant Comptroller	Jack J. Timpy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KELVINATOR

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NASH-KELVINATOR CORPORATION

ANNUAL REPORT FOR THE YEAR ENDING SEPTEMBER 30, 1943

GOODYEAR PHOTO

Giant two-stage Pratt & Whitney supercharged aircraft engines—built by Nash-Kelvinator—power the U. S. Navy's carrier-based "Corsair" fighter. Specially designed to pounce upon its foe from exceptionally high altitudes, the Japs call it "Whistling Death".

Marvyn Scudder
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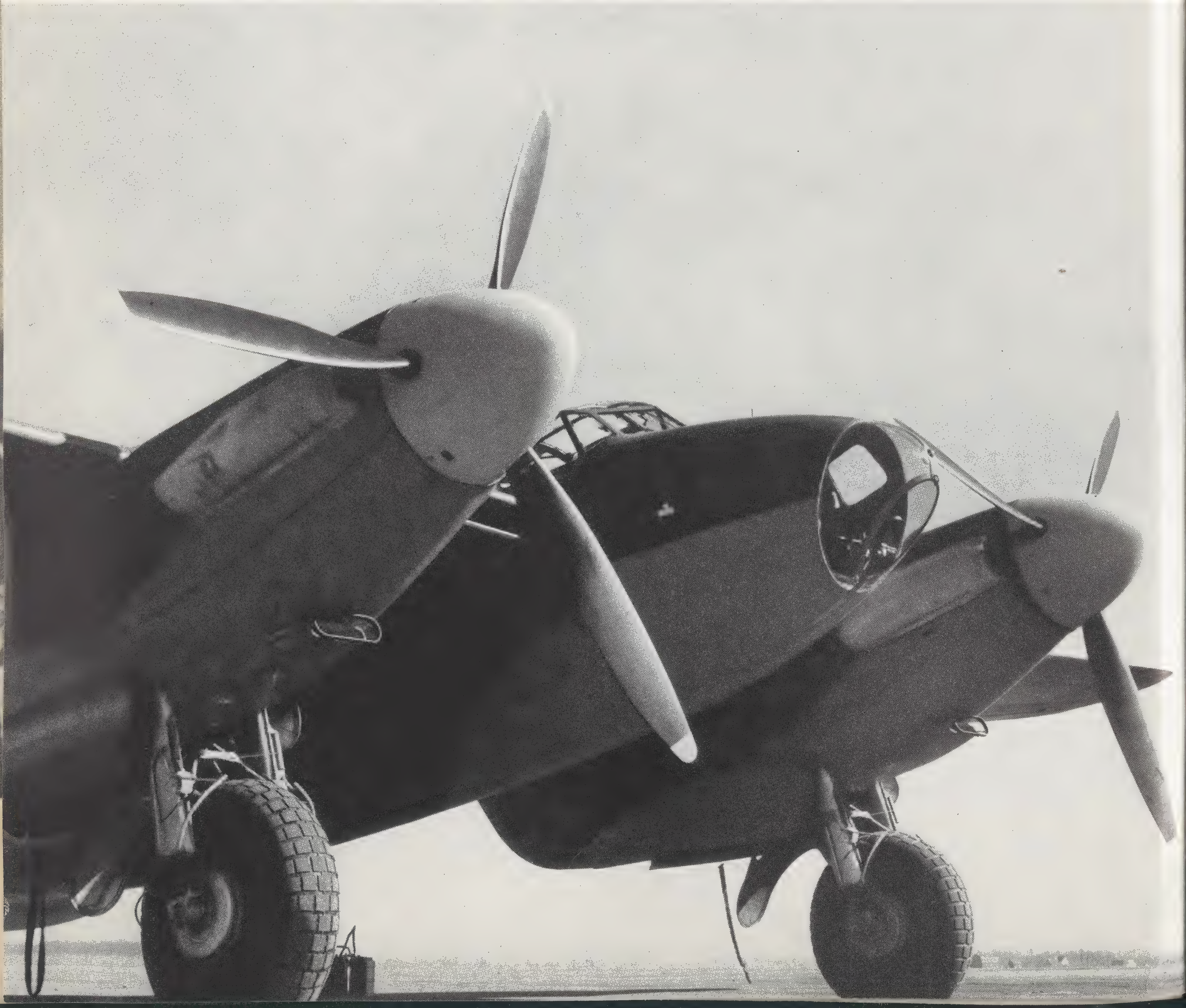
NASH-KELVINATOR
Corporation
ANNUAL REPORT
SEPTEMBER 30, 1943

An annual meeting of the stockholders of the corporation will be held on January 19, 1944, in connection with which meeting a solicitation of proxies is being made by the management of the corporation. A notice of said meeting, together with a Proxy Statement and form of proxy, is being mailed to stockholders under separate cover on or about December 27, 1943.

These are Nash-Kelvinator-built Hamilton Standard propellers on a British "Mosquito"—one of the fastest bombers in the world. Many Flying Fortress and Liberator heavy bombers are also equipped with N-K propellers, as are the Havoc, Mitchell, Baltimore, Dauntless, Skytrain and Skytrooper; and the British Avro-Lancaster and York.



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TO THE STOCKHOLDERS OF THE NASH-KELVINATOR CORPORATION

September 30, 1943, marks the end of the first fiscal year during which your company manufactured substantially no civilian products and virtually all of our facilities were devoted to the production of items needed for war. This report, therefore, should be of more than usual interest to you because of the abnormal conditions under which we are operating today. On the following pages, you will find a detailed report of the status of the Company at the end of the year just closed.

As has been the case over a period of several years, our balance sheet indicates an unusually strong financial position. This record of continuing stability is especially noteworthy for it is, in itself, a reflection of sound, consistent progress.

The current statement shows that profit before taxes was $10,327,203, an increase of $2,913,448 over 1942. However, income taxes amounting to $6,211,653 increased by $2,626,653 over the previous year, resulting in a net after taxes for 1943 of $4,115,550, which is $286,795 over last year's profit.

Renegotiation proceedings under the War Profits Control Act for the year ended September 30, 1942, have been completed and no refund of profits was required. Proceedings for the year ended September 30, 1943, have not yet been started and no determination of the amount, if any, which may be refundable is possible at this time; however, the profits on war contracts for the year are considered not to be excessive and no provision for refund is believed to be required.

Production volume in terms of dollar value was $184,936,361 for the year, compared with $82,061,475 for the previous twelve-month period. The year saw a rising rate of output of war materials as it progressed, and the 1944 volume of these products will continue to show this progressive increase as long as the Government requires these materials.

The Company's investment in plant facilities and equipment is well-protected. The nature of the products we are manufacturing for the Government has made it necessary to maintain a large percentage of these real assets at their normal efficiency.

The products we are building for war are high on the essential list, for our major output is entirely in the aircraft field. They are as well-known to the public as they are highly respected by the Army and Navy personnel. The vitally-important part that this war material plays in the successful prosecution of the war reflects itself in an esteem for the company that builds it—an esteem based upon the achievements of an organization whose reputation for precision production of quality products has been established over a long period of years.

Our 2000 H.P. two-stage supercharged Pratt & Whitney airplane engines, for which we are the sole licensee, power the United States Navy's carrier-based Vought "Corsair" fighters. These mighty engines are directly responsible for the "Corsair's" ability to climb higher, fly faster, and maneuver in less space than the enemy, thus giving the pilot many tactical advantages over his adversary. This same engine is now also the power plant of the new Grumman "Hellcat", another Navy carrier-based craft already reported to be among the deadliest fighters in the sky.

The two plants operated by your company in Lansing, Michigan, where Hamilton Standard hydromatic constant speed propellers are being manufactured, have received the Army-Navy "E" Award for High Achievement in War Production. The efficiency with which these facilities have been operated and the record of production that has been established is a source of satisfaction to the officers and directors of the Company and should be gratifying to you. Frequent increases in the volume of propellers which we have been scheduled to produce have resulted in the Company becoming one of the world's largest producers of aircraft propellers.

Recently, your Company was awarded a contract by the United States Army Air Forces for the mass production of Sikorsky helicopters. The exploits of the earlier models have been widely publicized by the press and the nation's leading periodicals, and have captured the imagination of the public to a degree far in excess of any other item thus far developed for use in war.

Many other important items of ordnance are also in production. These as well as the chief products of our associated companies are referred to elsewhere in this report and we hope that you will find the opportunity to thoroughly review them and will take pride in the part that your Company is playing in the nation's war production effort.

To protect our stake in both the automotive and major appliance fields, your Company has and will continue to advertise judiciously during the war period, for one of our greatest assets is the goodwill represented by the names "Nash" and "Kelvinator", which we feel must be constantly kept before the public. Our advertising has been equally well regarded by the civilian population and the members of our armed forces; and has won praise from the press, industry, and Government officials and agencies. This is due, we believe, to the fact that it has so clearly set forth the fundamental principles for which we are fighting this war.

The transition from war production to peacetime production may make heavy demands upon our working capital, both because of the large amounts that may be tied up in Government contracts and the amounts that can be expected to be required for the peacetime products. To meet this expected problem, the Corporation recently established a credit with a group of 21 banks with which it has done business over a period of many years. This credit amounted to $75,000,000 and was the first to a large corporation to be guaranteed by the Government under the new series of "VT" credits provided to protect industry, if and when necessary, by making additional working capital available in the event that war contracts are terminated before completion.

The credit is also available for current war production needs, and your Company has already taken advantage of that provision.

Though our entire efforts are dedicated and will continue to be dedicated to our part in the winning of the war, we have not overlooked our obligation in planning for the post-war period. To this end, our officers and operating executives are devoting much thought to the factors which will influence the design trends, manufacturing processes, distribution methods and sales possibilities of tomorrow. Without taking any necessary effort away from their responsibilities in connection with our war production program, they are planning and projecting so that when the time comes, the Company will be in a position to swing back into civilian production with a minimum loss of time. In this connection, our war material contracts require the various Government agencies with whom we have negotiated to remove Government facilities, and in many cases inventories as well, within a reasonable period after contract termination.

In our public relations program, we have attempted among other things to bring to the American people an appreciation of the part that industry has played in the progress of the nation which has achieved by far the highest standard of living of any country in the world. We believe—and we feel that it is our duty to point out to you as a part owner of one of the units in the country's great industrial system—that the processes by which this nation has achieved its present position have in many instances been set aside in accordance with the unquestioned need for a war economy. It appears to us that the future of this country, the future of industry and therefore the future of your Company is inseparably linked with the equal necessity of discarding these wartime measures as quickly as this can be accomplished when the time comes for the nation to go back to a peacetime economy.

Whatever the future may hold, whatever the rules by which we shall be governed, one thing appears certain: After Victory and the world is again at Peace, we shall enter a period of reconstruction, expansion and industrial progress such as we have never known.

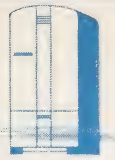
Against this bright horizon of opportunity, there will rise a tide of prosperity which must be translated into the greatest amount of good for the greatest number of people.

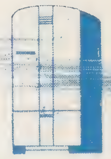
That is a job for individual initiative and private enterprise.

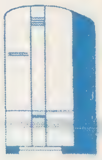
We shall be ready for it.

BY ORDER OF THE BOARD OF DIRECTORS

President



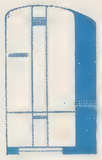




CONSOLIDATED PROFIT AND LOSS STATEMENT

Nash-Kelvinator Corporation and Subsidiaries

YEAR ENDED SEPTEMBER 30, 1943

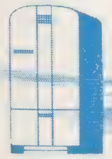


Net sales including billable costs and fees on cost-plus-fixed-fee contracts			$184,936,361.98
Other income:			
Dividends received from controlled companies		$ 301,522.75	
Profit on sale of United States Government securities		44,065.90	
Interest on United States Government securities		139,596.18	
Portion of operating reserves no longer required		176,229.00	
Sundry other income		229,300.99	890,714.82
			$185,827,076.80
Less:			
Cost of products sold		$168,777,566.60	
Selling, advertising, and administrative expenses		6,073,552.84	
Sundry income deductions		48,753.40	
Provision for post-war reconversion of plants		600,000.00	
Federal and state taxes on income—estimated:			
Normal income taxes and surtax	$1,380,000.00		
Federal excess profits tax (less credit of $590,000.00 for post-war refund)	5,310,000.00		
	$6,690,000.00		
Less amounts provided in prior years, no longer required	478,346.85	6,211,653.15	181,711,525.99
		NET PROFIT	$ 4,115,550.81

Provision for depreciation in the amount of $1,203,231.21 has been deducted in the above statement.

Renegotiation proceedings under the War Profits Control Act for the year ended September 30, 1942, have been completed and no refund of profits was required. Proceedings for the year ended September 30, 1943, have not yet been started and no determination of the amount, if any, which may be refundable is possible at this time; however, the profits on war contracts for the year are considered not to be excessive and no provision for refund is believed to be required.

The Corporation's share for the year of the net profits less dividends of unconsolidated subsidiaries, which has not been reflected herein, amounted to $116,918.95 for domestic subsidiaries and to approximately $119,000.00 (Canadian dollars) for the Canadian subsidiary, including its English subsidiary.

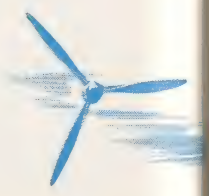


CONSOLIDATED BALANCE SHEET

CURRENT ASSETS			
Cash (including $7,755,421.92 restricted to use on United States Government contracts—Note A)			$18,543,524.37
United States Government securities, at cost plus accrued interest (aggregate quoted market price $17,000,472.96)			16,985,261.03
United States War Savings Bonds for sale to employees and cash on deposit for purchase thereof			577,313.78
Notes and accounts receivable, including billings for costs and fees on cost-plus-fixed-fee contracts; less reserve of $39,889.71—Note A			24,633,486.73
Unbilled costs and fees on cost-plus-fixed-fee contracts—Note A			14,828,314.81
Reimbursable expenditures for production facilities			662,589.63
Inventories—at lower of cost (first-in, first-out) or market—Note B			5,326,488.27
TOTAL CURRENT ASSETS			$81,556,978.62
INVESTMENTS AND OTHER ASSETS			
Investments in and advances to subsidiaries not consolidated—at cost, adjusted where required for losses since acquisition:			
Capital stock ($3,000,000.00) of, and advance ($5,470.85) to Refrigeration Discount Corporation—wholly-owned		$ 3,005,470.85	
Capital stock of other domestic subsidiaries—not wholly-owned		787,296.94	
Capital stock ($62,211.68) of, and advances ($89,595.30) to Kelvinator of Canada, Ltd.—not wholly-owned		151,806.98	
		$ 3,944,574.77	
Cash surrender value of life insurance		248,840.00	
Land contracts, mortgages, and real estate held for sale		374,832.28	
Post-war refund of federal excess profits taxes—estimated		610,000.00	
Employees' traveling advances and accounts		23,451.08	
Miscellaneous investments, notes, accounts, and advances, less reserves of $77,291.47		142,275.95	5,343,974.08
PROPERTY, PLANT, AND EQUIPMENT—at cost			
Land		$ 1,369,169.89	
Buildings, equipment, and dies	$22,089,105.11		
Less reserves for depreciation	11,012,087.84	11,077,017.27	12,446,187.16
PATENTS AND GOOD WILL			2.00
DEFERRED CHARGES			
Prepaid taxes, insurance, advertising, and miscellaneous expenses			579,460.96
			$99,926,602.82

Note A—In connection with the advance payments on cost-plus-fixed-fee contracts, the Corporation has agreed to use such funds solely for the purposes of the contracts, and reimbursements of costs are to be deposited in bank accounts restricted to such use.

Note B—The inventories include materials and partly manufactured products in the amount of approximately $1,700,000.00, after adjustment for estimated loss, which are completely restricted by Government order as to manufacture.



NASH-KELVINATOR CORPORATION AND SUBSIDIARIES

September 30, 1943

CURRENT LIABILITIES

Accounts payable:		
Trade accounts	$ 9,040,140.32	
Pay rolls, pay roll taxes, and deposits of employees	4,569,793.01	
To domestic subsidiaries not consolidated	268,530.54	
Miscellaneous	234,167.74	$14,112,631.61
Accrued expenses		653,919.18
Federal taxes on income—estimated		8,207,991.97
Advance payments on cost-plus-fixed-fee contracts—Note A		25,336,293.11
TOTAL CURRENT LIABILITIES		$48,310,835.87

RESERVES

For five-year warranty on refrigerators	$ 2,474,914.62	
For warranties, operating, and service requirements	188,295.49	
For post-war reconversion of plants	750,000.00	
For contingencies	1,000,000.00	4,413,210.11

CAPITAL STOCK AND SURPLUS

Capital stock, par value $5.00 per share:			
Authorized	5,000,000 shares		
Issued	4,375,600 shares	$21,878,000.00	
In treasury, of which 50,000 shares are reserved for existing stock purchase option at $5.00 per share	84,411⅝ shares	422,058.13	
Outstanding	4,291,188⅜ shares	$21,455,941.87	
Surplus (restricted in the amount of $422,058.13 representing the par value of shares held in treasury):			
Capital surplus		6,438,735.29	
Earned surplus		19,307,879.68	47,202,556.84

CONTINGENT LIABILITIES

As endorser of installment contracts discounted with Refrigeration Discount Corporation; under an agreement with the same company to repurchase any repossessed products at the unpaid balance; to pay to the same company 50% of the unpaid balance on certain retail contracts in case of repossession by the discounting dealers; and to purchase from independent finance companies repossessed refrigerators and cars sold at retail. The Corporation has also guaranteed certain banks and finance companies against losses on advances aggregating $177,103.19 made under the Nash Dealer Monthly Income Plan.

$99,926,602.82

Note C—The Corporation's share of undistributed profits of unconsolidated subsidiaries from dates of acquisition amount to $659,295.31 for domestic subsidiaries and to approximately $743,000.00 (Canadian dollars) for the Canadian subsidiary, including its English subsidiary.

CONSOLIDATED STATEMENT OF SURPLUS

Nash-Kelvinator Corporation and Subsidiaries

YEAR ENDED SEPTEMBER 30, 1943

CAPITAL SURPLUS

Balance at October 1, 1942	$ 6,438,788.25
Deduct excess of the cost over the par value of 14⅛ shares of capital stock, represented by fractional shares, purchased during the year	52.96
Balance at September 30, 1943	$ 6,438,735.29

EARNED SURPLUS

Balance at October 1, 1942	$17,338,128.04
Net profit for the year	4,115,550.81
	$21,453,678.85
Cash dividends paid—$0.50 per share	2,145,799.17
Balance at September 30, 1943	$19,307,879.68

Surplus is restricted in the amount of $422,058.13 representing the par value of shares held in the treasury.

Board of Directors,
Nash-Kelvinator Corporation,
Detroit, Michigan.

We have examined the consolidated balance sheet of Nash-Kelvinator Corporation and consolidated subsidiaries as of September 30, 1943, and the consolidated statements of profit and loss and surplus for the year then ended, have reviewed the system of internal control and the accounting procedures of the companies and, without making a detailed audit of the transactions, have examined or tested accounting records of the companies and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance, with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary; however, it was not practicable to confirm by communication the accounts receivable from United States Government departments on fixed price contracts, representing a relatively small proportion of the total, but we satisfied ourselves as to such accounts by means of other auditing procedures.

In our opinion, the accompanying balance sheet and related statements of profit and loss and surplus present fairly the consolidated position of Nash-Kelvinator Corporation and its consolidated subsidiaries at September 30, 1943, and the consolidated results of their operations for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ERNST & ERNST
Certified Public Accountants

Detroit, Michigan
December 1, 1943

CONSOLIDATED BALANCE SHEET

Refrigeration Discount Corporation and Subsidiary

SEPTEMBER 30, 1943

ASSETS

Cash		$1,462,700.48
United States Treasury Certificates of Indebtedness, at cost (which is approximate quoted market price) plus accrued interest—Note A		1,000,360.00
Contracts, notes, and accounts receivable—Note A:		
Household appliances, refrigeration equipment, and automobiles	$3,497,188.01	
Other contracts and advances, including loans against war orders, plant facilities, etc.	2,413,247.37	
	$5,910,435.38	
Less: Unearned discount and service charges	$ 318,246.06	
Reserve for losses	355,515.63	
	$ 673,761.69	5,236,673.69
Other assets:		
Note receivable of the First Liquidating Corporation (Detroit) less reserve of $16,649.95	$ 1.00	
Post-war refund of excess profits tax	1,622.91	
Employees' advances and miscellaneous deposits	740.71	
Miscellaneous accounts receivable	14,901.72	17,266.34
Furniture and fixtures—at cost, less reserve for depreciation of $38,253.14		30,107.72
Prepaid interest, insurance, and taxes		4,999.45
		$7,752,107.68

LIABILITIES

Notes payable due within one year—Note A			$3,600,000.00
Accounts payable:			
To Nash-Kelvinator Corporation for contracts purchased, etc.		$ 5,470.85	
For state, local, and pay roll taxes and current expenses		40,399.52	45,870.37
Accrued federal capital stock tax			1,268.75
Federal taxes on income—estimated			340,951.51
Amounts withheld on contracts purchased			453,970.16
Capital stock and surplus:			
Preferred stock, par value $100.00 per share:			
Authorized and issued	15,000 shares	$1,500,000.00	
Redeemed	15,000 shares	1,500,000.00	
Common stock, par value $100.00 per share:			
Authorized	40,000 shares		
Issued and outstanding	32,000 shares	$3,200,000.00	
Earned surplus		110,046.89	3,310,046.89
			$7,752,107.68

Note A—Contracts, notes, accounts receivable, and treasury certificates of indebtedness are held by a trustee, pursuant to a resolution of the board of directors dated October 2, 1936, as collateral security for all notes payable of the Corporation.

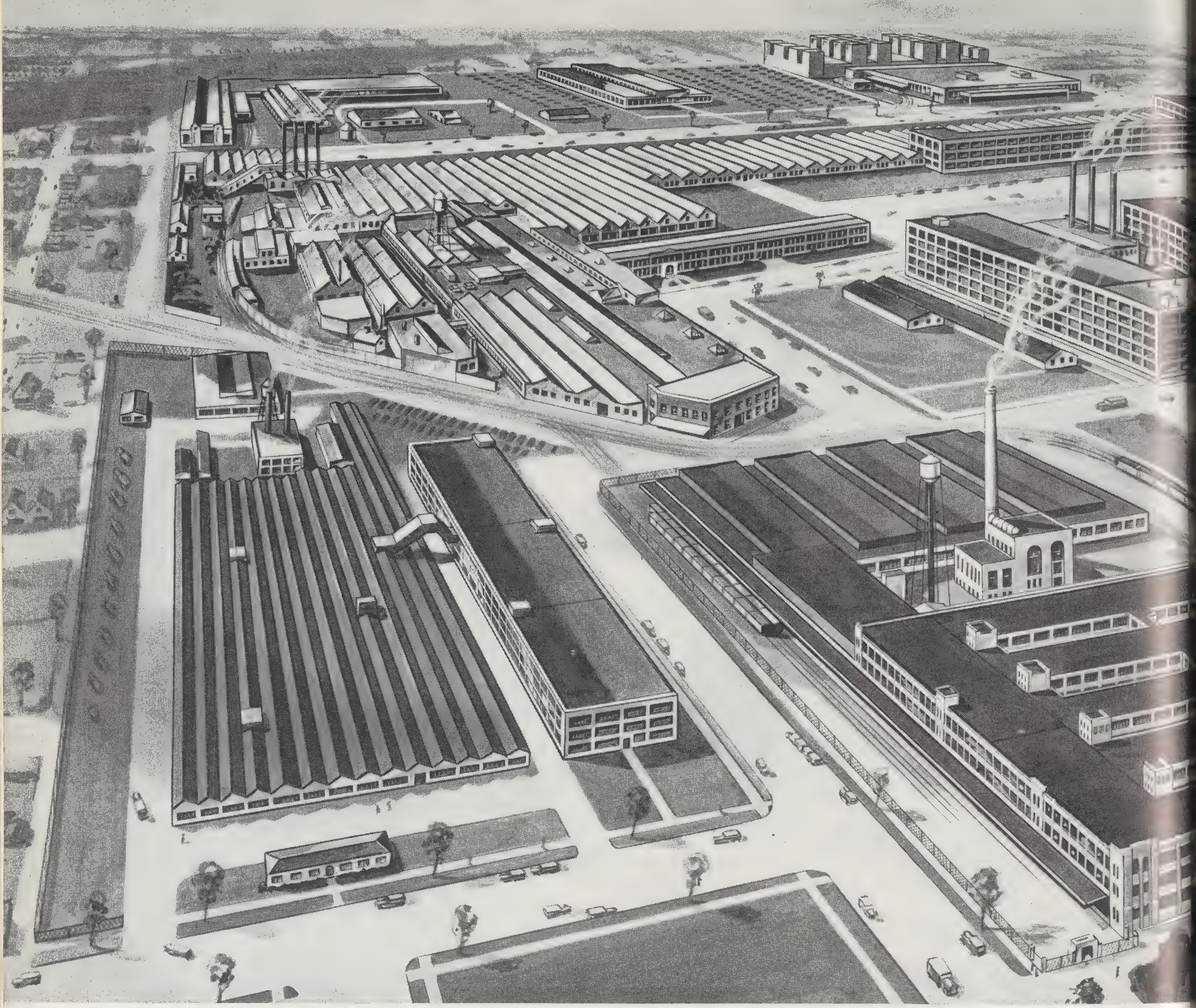
Board of Directors,
Refrigeration Discount Corporation,
Detroit, Michigan.

We have examined the consolidated balance sheet of Refrigeration Discount Corporation and subsidiary as of September 30, 1943, have reviewed the system of internal control and the accounting procedures of the companies and, without making a detailed audit of the transactions, have examined or tested accounting records of the companies and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

In our opinion, the foregoing balance sheet presents fairly the consolidated position of Refrigeration Discount Corporation and subsidiary at September 30, 1943, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ERNST & ERNST
Certified Public Accountants

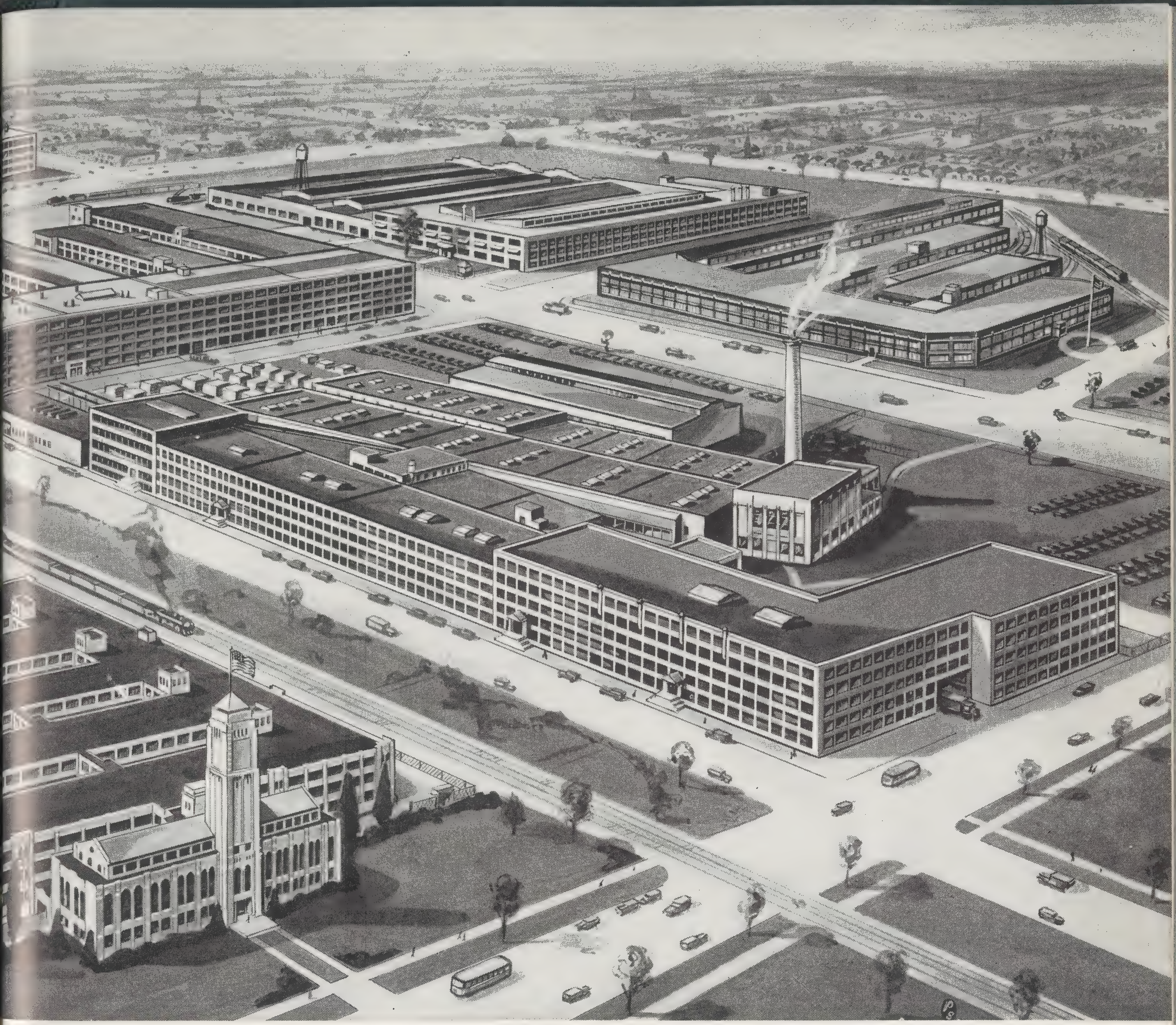
Detroit, Michigan
December 1, 1943



NASH-KELVINATOR'S MANUFACTURING FACIL

In these plants—shown here as they would appear if grouped together—are built many of the most critical materials of war. In them your company is manufacturing at the rate of more than three times the volume of its best pre-war year. In them more than twenty thousand men and women—double the normal peacetime pay roll—are turning out airplane engines, constant speed propellers, and are at work on the Sikorsky helicopter, in addition to many other items.

Bomb fuses, propeller governors, parts for submarines and Liberty Ships,



IES COMPLETELY CONVERTED FOR WAR . . .

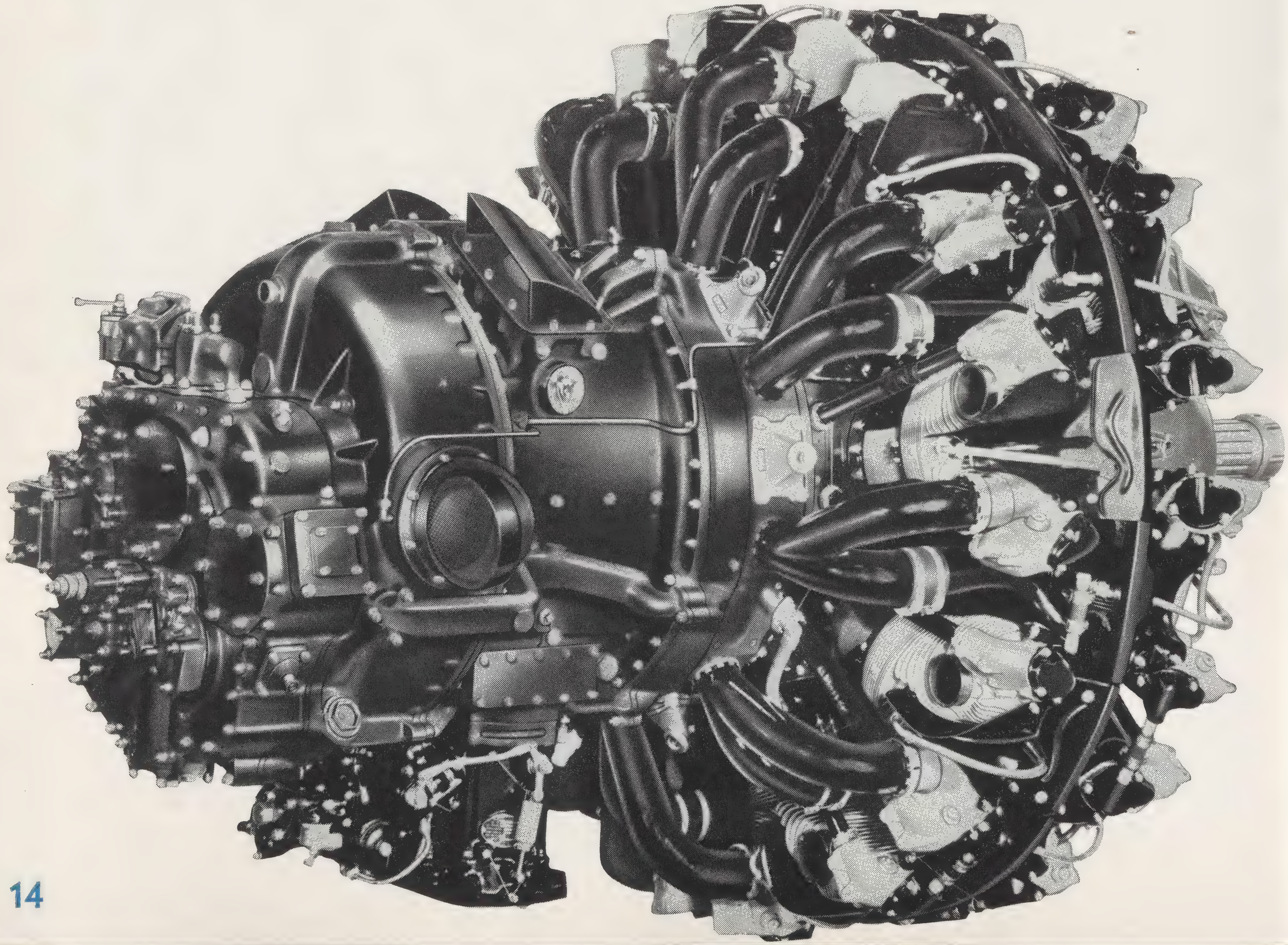
for tanks, trucks and jeeps flow from these facilities, too. Not shown are the foreign and associated plants where many additional products for war are made.

Nash-Kelvinator is proud of the part it is playing in the nation's war production effort. It is proud of its men and women who are working for Victory. It looks toward the day when this job will be done and these plants will be reconverted to the manufacture of Nash motor cars, Kelvinator electric refrigerators and ranges; and other refrigeration products.

Aircraft Engine Division

In plants where Nash cars were formerly built, huge Pratt & Whitney aircraft engines are now rolling off the production lines. This two-stage supercharged 2,000 H.P. Pratt & Whitney unit, for which Nash-Kelvinator is the only licensee, is considered the most difficult to build of all Pratt & Whitney engines in production as this report goes to press.

Precision manufacturing methods unknown only a few years ago are employed in this operation which involves more than 12,000 separate parts. Not thousandths, but tenths of thousandths of an inch measure the limits involved in the machining of this fighter plane's heart. And into it goes the same skill and workmanship that made performance and dependability a tradition with the men who have built Nash engines for more than a quarter of a century. When Victory comes, these men—equipped with a broader knowledge and a wider experience—will again turn to the building of an even greater Nash engine.



BAR S DRI

ARMY
E
NAVY

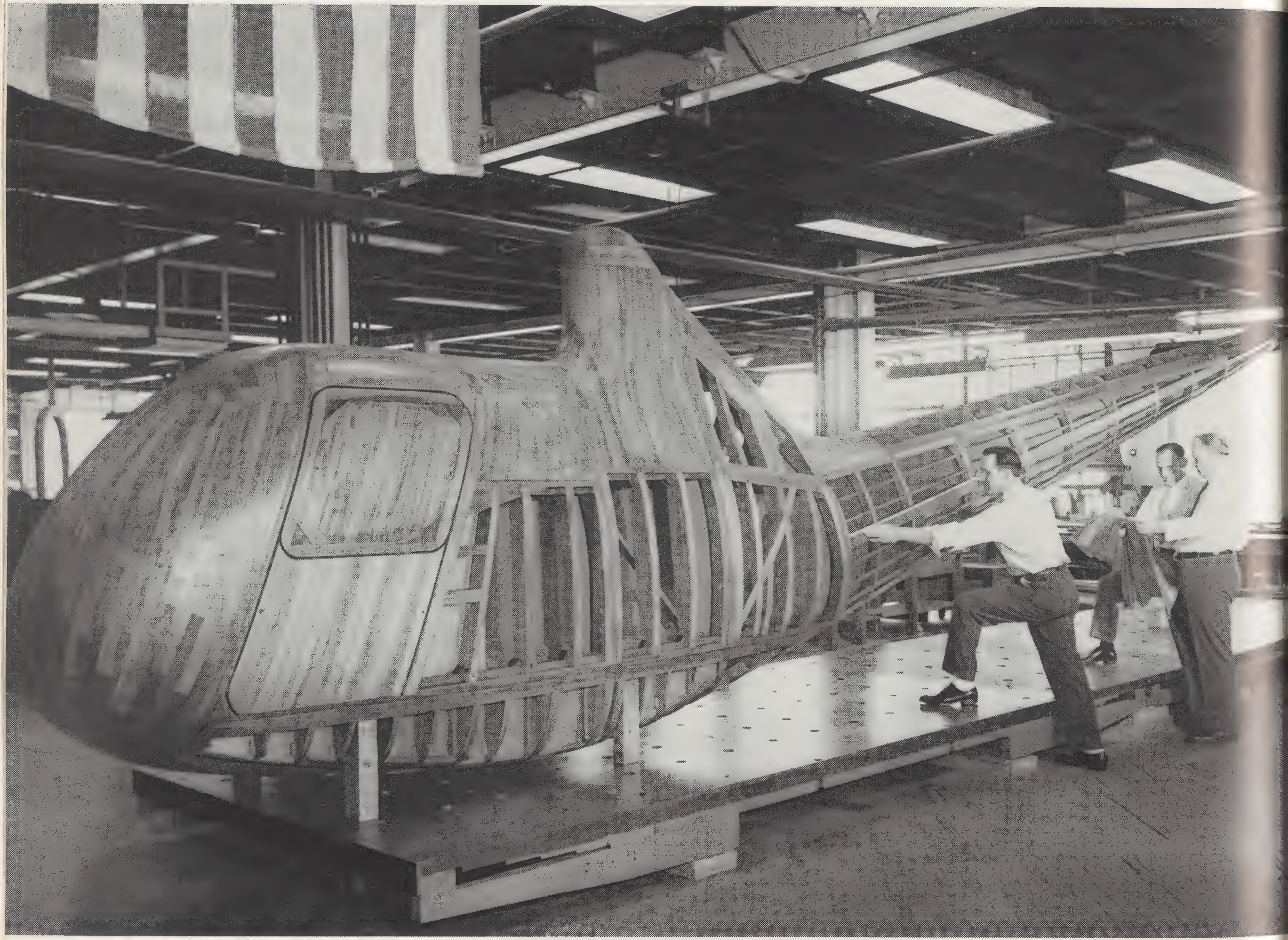
FOR HIGH ACHIEVEMENT IN WAR PRODUCTION

The Propeller Division was awarded the Army-Navy "E" during the early part of 1943. The production record of the division is one of the outstanding industrial achievements of the war.

Propeller Division

Hamilton Standard hydromatic constant speed propellers, considered by experts the finest type of airplane propeller yet developed, are manufactured by Nash-Kelvinator in three central Michigan plants. The great majority of the nation's propellers are of the Hamilton Standard type and Nash-Kelvinator is the largest single producer. This position has been achieved in the short span of two years, for only a few months prior to Pearl Harbor the company had no knowledge whatever of propeller manufacture.

Helicopter Division

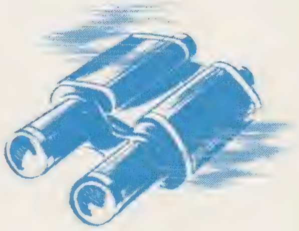


As this report is being prepared, Nash-Kelvinator is at work on mass-production of the Army Air Forces' newest weapon—the Sikorsky helicopter. The ability of this craft to hover motionless in the air, to fly forward and backward, and to ascend and descend vertically, may have a marked effect on certain phases of the war in the air. These remarkable characteristics have captured the public's fancy but the prospect of a helicopter in every backyard is not yet in sight.

Domestic Subsidiaries

RANCO, INC.

In peacetime an important adjunct to the parent company as its sole source of electrical switches and heater controls, Ranco, Inc. is today entirely converted to war production. Its volume is divided almost equally between the manufacture of binoculars—of which it is one of the U. S. Army's largest sources of supply—and aviation equipment of prime importance, including altitude controls and pressure gages. Ranco, Inc. was awarded the Army-Navy "E" for High Achievement in War Production in January, 1943.

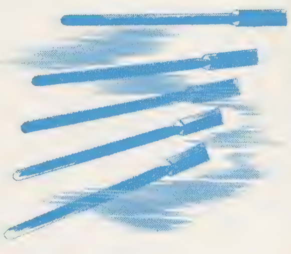


APPLIANCE MANUFACTURING CO.

Manufacturers of washing machines before the outbreak of war, the Appliance Manufacturing Co. is now an important producer of machine gun mounts for our Armed Forces. An original Army contract for this equipment was quickly followed by a similar assignment from the Navy, and both have been increased several times so that, as of the date of this report, it will be late in 1944 before the entire contract has been fulfilled. Nash-Kelvinator's 50% ownership in this successful and forward-looking company is among its important interests.

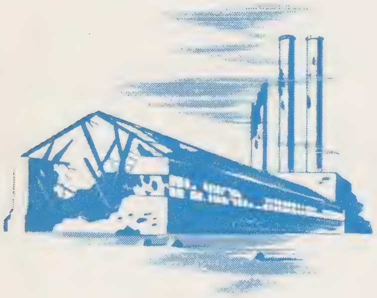
ELECTROMASTER, INC.

Rapidly becoming established as an important factor in the production of heavy-duty electric ranges for ships when the United States entered the war, Electromaster, Inc. is today working closely with the Chemical Warfare Department in experimental and development projects, and has manufactured millions of incendiary bombs for the Armed Forces. Indeed, Electromaster, Inc. enjoys the distinction of having produced the incendiaries with which Jimmy Doolittle and his fellow fliers sprinkled Tokyo on April 18, 1942. This enterprising firm, more than half-owned by Nash-Kelvinator, was awarded the Army-Navy "E" in September, 1942, to which a star was added in the spring of 1943.



Foreign Subsidiaries

KELVINATOR, LTD. OF ENGLAND

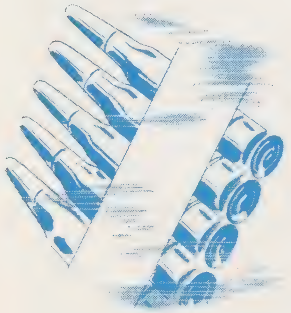


Unlike most of the Corporation's other facilities, Kelvinator, Ltd. has not converted entirely to war materiel. In its plant on Gray's Inn Road, London, almost one-third of its total output is represented by commercial refrigeration—but all of it goes to the British Armed Forces. The balance of its production, which also is for our British ally, is made up of ordnance items. Kelvinator, Ltd's. plant was heavily bombed by Nazi fliers on four different occasions during the Battle of Britain. Each time, however, repairs were made in record time with a minimum production loss and despite the fact that as much as 25,000 square feet of space was blown out of the plant in one attack. We are proud of Kelvinator, Ltd's. achievements under the most difficult of circumstances.

NASH MOTORS OF CANADA, LTD.

Although this unit has no capital assets within the Dominion, and therefore no facilities available for the manufacture of war products, it has through its distributor and dealer organization contributed importantly to the maintenance of badly-needed transportation through the war period. Nash has always been a popular car in Canada—per thousand population there have been approximately twice as many Nash cars sold each year as are sold in the United States. Prospects for a continuation of this successful operation are bright for the post-war period.

KELVINATOR OF CANADA, LTD.



In its plant at London, Ontario, Kelvinator of Canada, Ltd. has undertaken—and completed—a program calling for manufacture of machine gun 100-round magazines for the famous Bren gun. Prior to the termination of this contract, another, for the manufacture of magazines for Sten guns, was placed and, as this report goes to press, a third one—calling for quantity production of magazines for the new Polsten gun—has been awarded the company and will be in production early in 1944. Kelvinator of Canada, Ltd. has been an important producer of war materiel—as well as refrigeration equipment—for the Canadian and British Governments since before the United States entered the war and its record of achievement is a notable one. At war's end, this unit will return to the task of supplying Canada with household and commercial refrigeration.

Exports

The Export Divisions of both Nash and Kelvinator have been active since the outbreak of war though business has come to a standstill with all nations in war zones.

Kelvinator, operating through a worldwide distributing organization, has done a satisfactory and profitable business over a long period of years, its annual volume having ranged from 12 to 15 per cent of the total refrigeration exports.

Plans have already been completed for the re-establishment of distributor outlets in war-torn nations just as quickly as conditions permit, and a program developed which calls for an even more intensive post-war export effort in light of the almost unlimited opportunities which will then obtain.

Nash Motors' export operation, which also normally encircles the globe, has likewise been a successful one for many years, its per cent of total sales comparing favorably with the domestic volume. Although there have been no cars available since shortly after the entrance of the United States into the war, the organization has been active in developing parts sales and in undertaking a comprehensive educational program—particularly throughout Central and South America—in the interests of rendering better service through more efficient maintenance work. The outlook for a rapid growth of Nash export business following Victory seems assured in view of the reconstruction work which must be undertaken immediately and which will require transportation facilities far in excess of anything that existed prior to the war. Added to this will be the opportunity for an increased volume of normal business made possible by the long-time shortage of new cars and the consequent backlog demand which must exist after the war has been won.

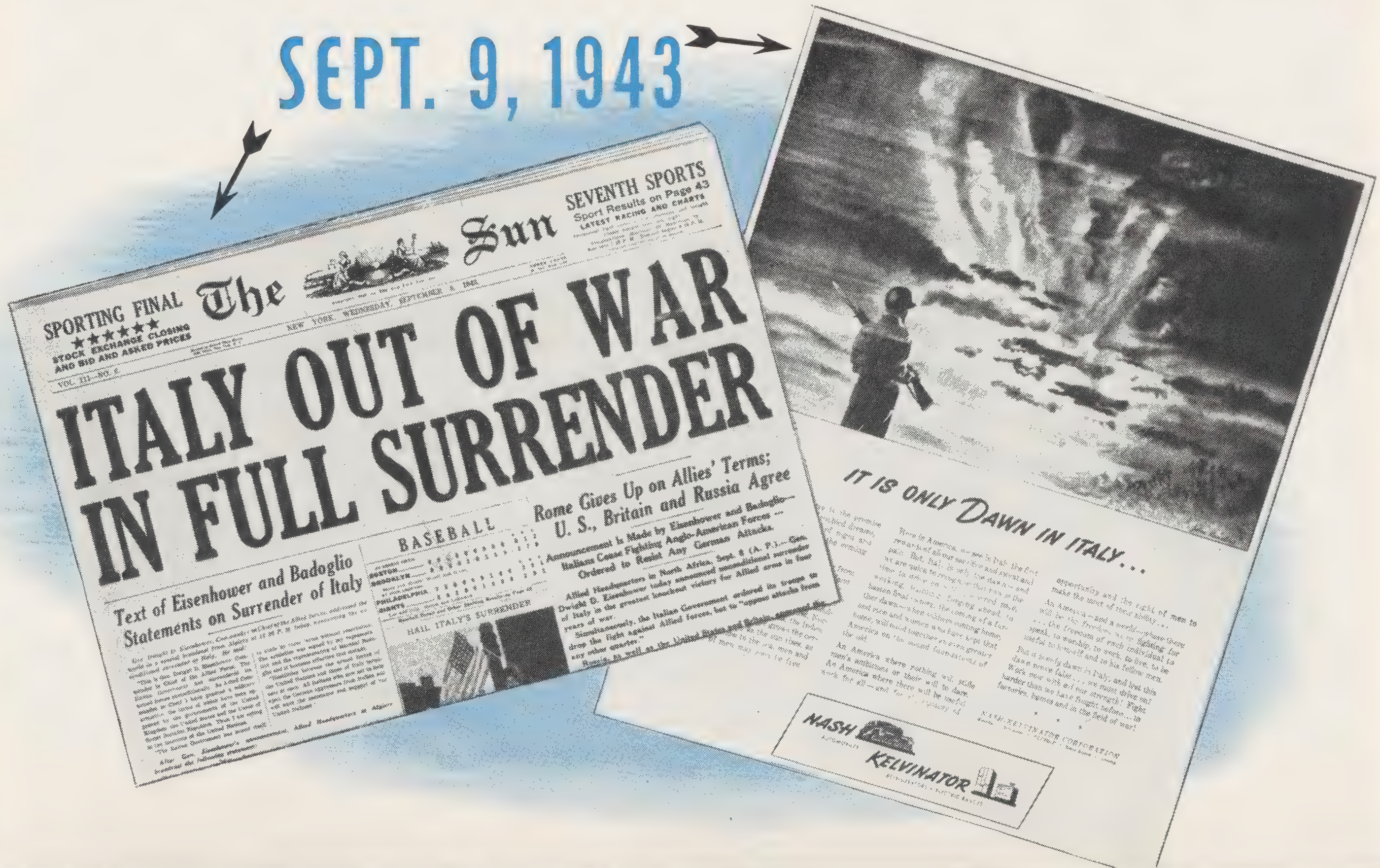
NASH KELVINATOR *Advertising*

The Corporation's current advertising program which was started early in 1943 has been one of the most notable to come out of the war.

The response to these messages received from thousands of fighting men and from their families at home, is ample evidence that these advertisements have struck a chord which has quickened every reader to a more sober realization and greater understanding of the vital things at stake in this war.

The company plans, as a further contribution to the war effort, to continue with advertising of this character—at least until such time as world events dictate a change.

In addition to the regular series of advertisements, of which one of the most noteworthy is reproduced on the opposite page, many of the company's newspaper releases have been characterized by an element of timeliness which has added substantially to their effectiveness. The advertisement shown below appeared in the same edition of the New York Sun that front-paged the news of Italy's fall. The same advertisment subsequently appeared in leading newspapers throughout the country, many within twelve to twenty-four hours of the news break.



SEPT. 9, 1943

SPORTING FINAL
★★★★★★
STOCK EXCHANGE CLOSING
AND BID AND ASKED PRICES

The Sun

SEVENTH SPORTS
Sport Results on Page 43
LATEST RACING AND CHARTS

ITALY OUT OF WAR
IN FULL SURRENDER

Rome Gives Up on Allies' Terms;
U. S., Britain and Russia Agree

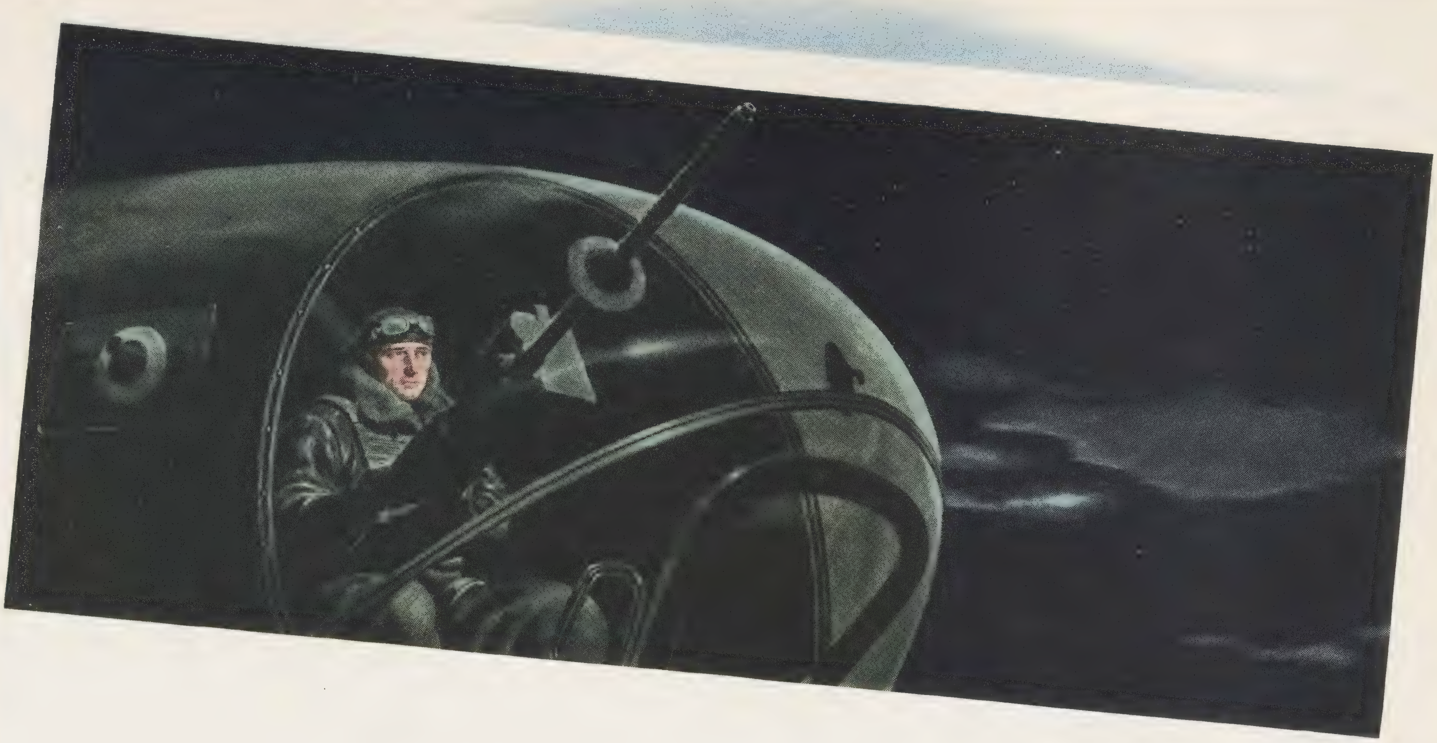
BASEBALL

Text of Eisenhower and Badoglio
Statements on Surrender of Italy

HAIL ITALY'S SURRENDER

IT IS ONLY DAWN IN ITALY . . .

NASH KELVINATOR



"UNTIL I COME BACK"...

WE'RE over 20,000 feet now (the coffee's frozen in the thermos) and that's the Zuyder Zee below. We must be half-way across Holland.

Funny thing what happens to a fellow...

Those are the same old stars and the same old moon that the girl and I were looking at last summer.

And here I am—flying 300 miles an hour in a bubble of glass, with ten tons of T.N.T.

Somehow—this isn't the way I imagined it at all, the day I enlisted. Don't get me wrong—sure I was sore at the Japs and the Nazis—but mostly, it was the thrill of the Great Adventure.

Well, I know now—the *real* reasons—why I'm up here paying my first call on Hitler.

It's only when you get away from the U. S. A. that you find out what the shootin's really about and what you're fighting for.

I learned from that Czech chap in London. The refugee, the nice old fellow who reminded me of Dad except for the maimed hands. I was dumb enough to ask about it. "I got that," he said, "for writing a book the Nazis didn't like..."

Then there was the captured German pilot who screamed and spit when Izzy Jacobs offered him a cigarette . . . how do fellows get that way?

And that crazy Polish pilot—the fellow who rammed the Messerschmitt. After the funeral I learned what was eating him. Seems as how he has a sister in Warsaw who had been sent to a German Officers' Club . . .

I hope to hell Hitler's home tonight . . . light and wind are perfect.

Yes, sir, I've met 'em by the dozens over here—guys warped by hate—guys who have had the ambition beaten out of them—guys who look at you as if you were crazy when you tell 'em what America is like.

They say America will be a lot different after this war.

Well, maybe so.

But as for me, I know the score . . . you learn fast over here. I know now there's only one decent way to live in this world—the way my folks lived and the way I want to live.

When you find a thing that works as good as that—brother, be careful with that monkey-wrench.

And there's one little spot—well, if they do as much as change the smell of the corner drug store—I will murder the guy.

I want my girl back, just as she is, and that bungalow on Maple Avenue . . .

I want that old roll-top desk of mine at the electric company, with a chance to move upstairs, or quit if I want to.

I want to see that old school of mine, and our church, just as they are—because I want my kids to go there.

That's *my home town* . . .

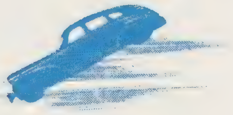
Keep it for me the way I remember it, just the way I see it now—until I come back.

NASH KELVINATOR

NASH-KELVINATOR CORPORATION, DETROIT, MICHIGAN

Published in the belief that here at Nash-Kelvinator we carry a double responsibility—not only to build the aircraft engines and propellers for victory but also to build toward the kind of a future, an American future, our boys will want when they come back.

Post-War Program

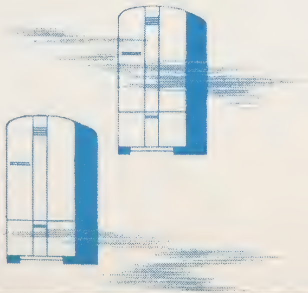


Although the personnel of the company is devoted to duties directly concerned with the operation of its war production work, the need for forward thinking and preliminary planning, with a view to capitalizing on the post-war market for motor cars and electrical appliances, has not been overlooked.

There is every prospect that the opportunities for new sales records will exist throughout a period of several years after Victory has been achieved and the world settles down to the tremendous task of reconstruction.

Though little of a tangible nature has been accomplished as this report is written, our operating executives are keeping themselves fully informed with respect to the newest developments to come out of the war production program and which already seem destined to ultimately influence manufacturing processes, precision methods and design trends. In addition, our market research people have managed to continue their study of post-war sales possibilities. One of the most important aspects of the post-war problem, and the one which must be faced first, is the tremendous task which will confront us when the time comes to re-convert our facilities to peacetime production. This is being carefully studied and it seems extremely likely that plans will be complete and ready to put into operation at the appropriate time.

These, and many other phases of the opportunities and problems affecting the conduct of the business throughout the post-war years, will be given increasing study as the war approaches its end and the need for intensive application to the war production effort decreases correspondingly.



NASH-KELVINATOR CORPORATION

Directors and Officers

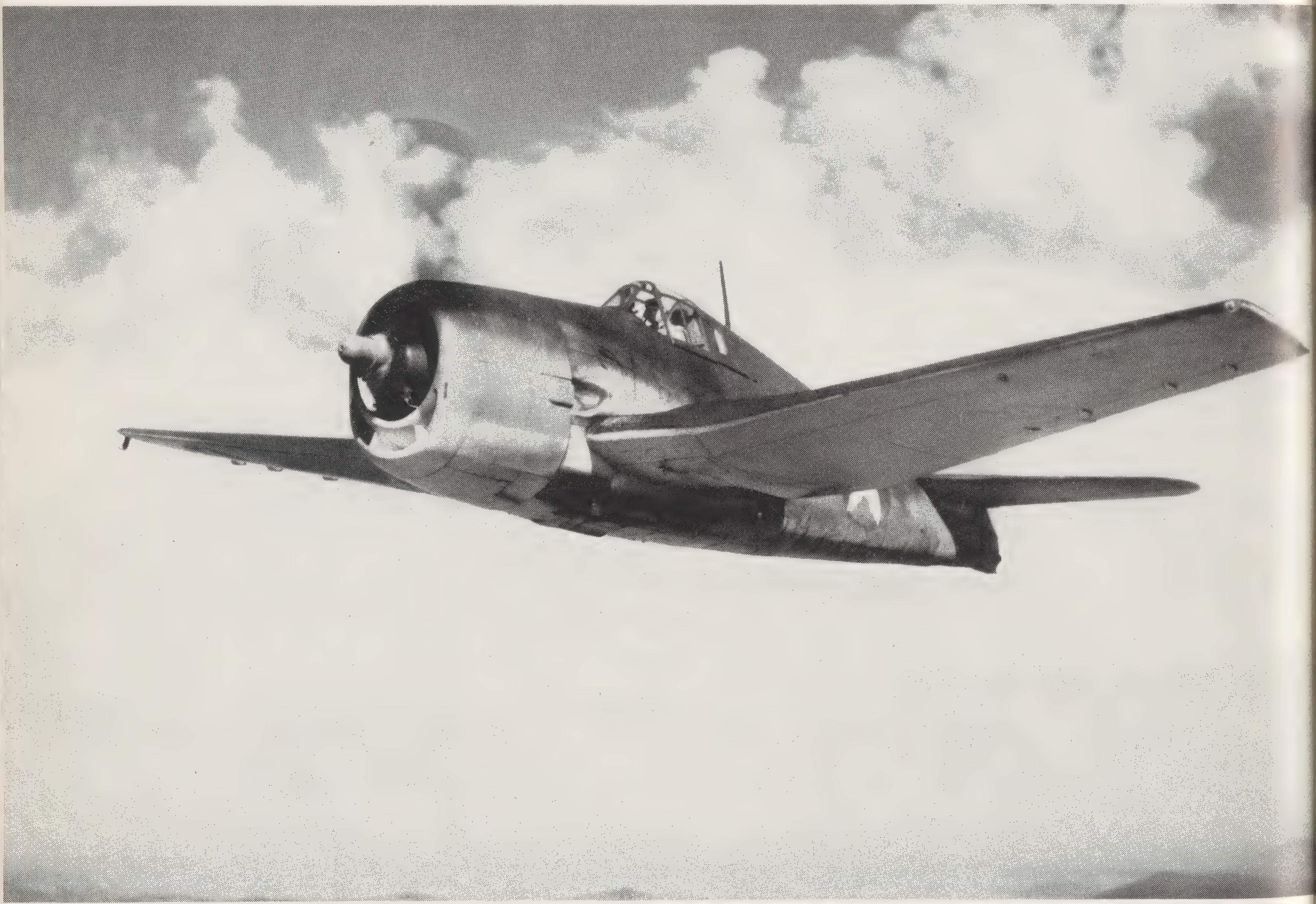
DIRECTORS

Percy J. Ebbott	New York City
George W. Mason	Detroit, Michigan
Charles W. Nash	Beverly Hills, California
Harold G. Perkins	Detroit, Michigan
Harlan T. Pierpont	Worcester, Massachusetts
Ernest Stauffen, Jr.	New York City
James T. Wilson	Kenosha, Wisconsin

OFFICERS

Chairman of the Board	Charles W. Nash
President	George W. Mason
Vice-President	Albert M. Wibel
Vice-President	Harold G. Perkins
Vice-President	Howard A. Lewis
Vice-President in charge of Manufacturing	Ray A. DeVlieg
Vice-President, Engineering, Nash Division	N. Erik Wahlberg
Secretary	Horace J. Mellum
Treasurer	Gilbert V. Egan
Comptroller	William R. Crosett
Assistant Comptroller	Jack J. Timpy

Newest U. S. Navy shipboard fighter is the Grumman "Hellcat" many of which, like the Vought "Corsair," are powered with Nash-Kelvinator-built 2000 H.P. two-stage Pratt & Whitney engines. Teamed together, this pair can climb higher, faster and pour out more fire than anything the Japs can throw against us—and give our fliers greater protection at the same time.



OFFICIAL U. S. NAVY PHOTOGRAPH

PRINTED IN U. S. A.

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1944

ANNUAL REPORT
TO STOCKHOLDERS

1944

YEAR ENDED SEPTEMBER 30TH

NASH · KELVINATOR · CORPORATION

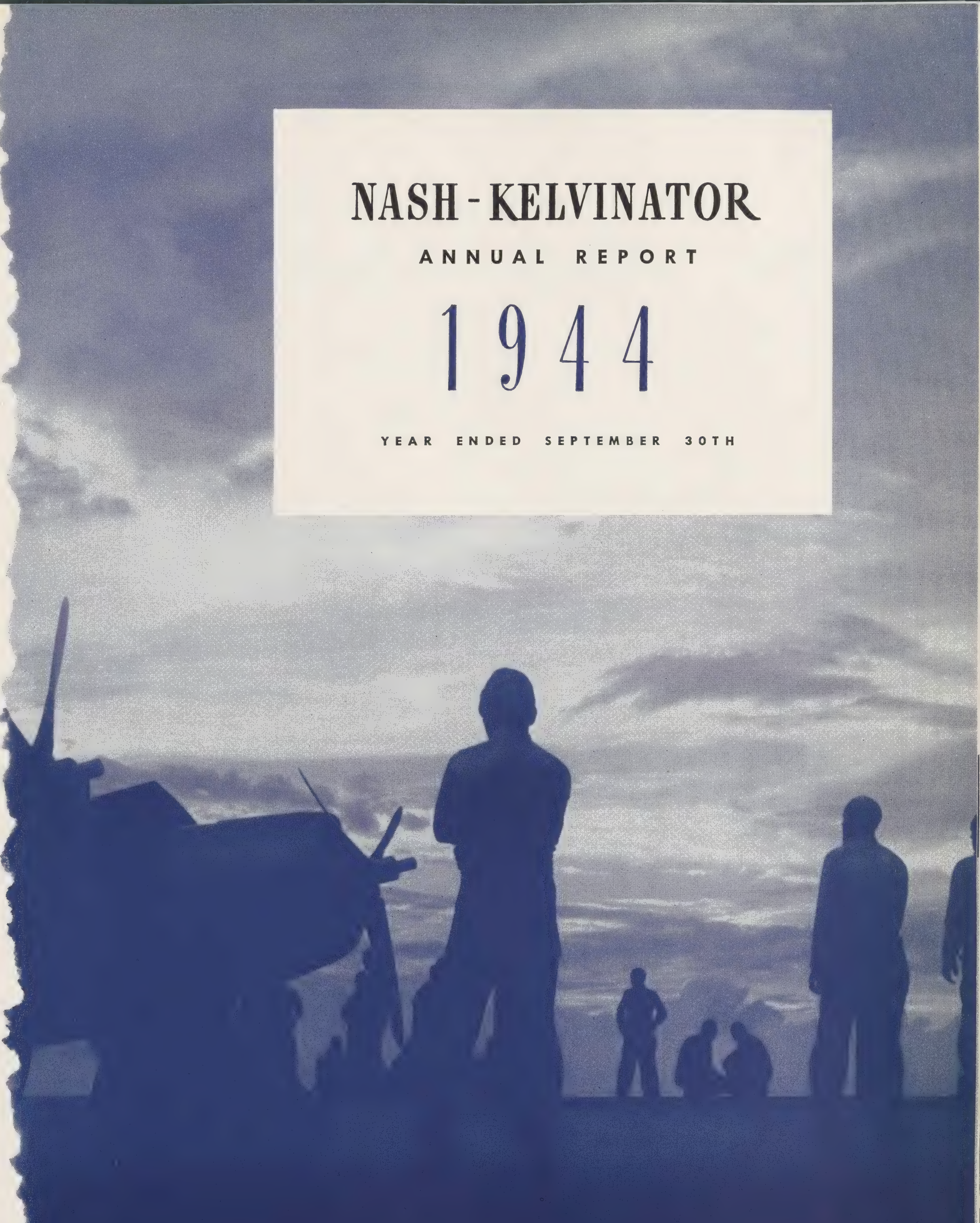
NASH • KELVINATOR
NK
CORPORATION

NASH-KELVINATOR

ANNUAL REPORT

1944

YEAR ENDED SEPTEMBER 30TH



NASH-KELVINATOR CORPORATION

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Directors

George W. Mason
President
Detroit, Michigan

Harold G. Perkins
Vice-President
Detroit, Michigan

Percy J. Ebbott
Vice-President, Chase National Bank
New York City

Charles W. Nash
Chairman of the Board
Beverly Hills, California

James T. Wilson
Chairman of the Board
First National Bank of Kenosha
Kenosha, Wisconsin

Harlan T. Pierpont
Trustee and Vice-President
Worcester Mechanics Savings Bank
Worcester, Massachusetts

Ernest Stauffen, Jr.
Director, Chairman of Trust Committee
Manufacturers Trust Company
New York City

Officers

Chairman of the Board	Charles W. Nash
President	George W. Mason
Vice-President in charge of Manufacturing	Ray A. DeVlieg
Vice-President	Howard A. Lewis
Vice-President	Harold G. Perkins
Vice-President	Albert M. Wibel
Vice-President in charge of Nash Sales	Henry C. Doss
Vice-President in charge of Kelvinator Sales	Charles T. Lawson
Vice-President, Engineering, Nash Division	N. Erik Wahlberg
Treasurer	Godfrey Strelinger
Secretary	Horace J. Mellum
Comptroller	Jack J. Timpy

Your officers regret to report that on April 7, 1944, Nash-Kelvinator lost one of its principal officers and a loyal friend upon the death of Mr. G. V. Egan. He joined the Kelvinator Corporation in 1926, later served as Treasurer and Assistant Secretary of Nash-Kelvinator Corporation.

Independent Auditors

Ernst & Ernst • Certified Public Accountants • Detroit

Stock Transfer Agents

Manufacturers Trust Company
55 Broad Street, New York City

Old Colony Trust Company
45 Milk Street, Boston, Mass.

Registrars

Chase National Bank
11 Broad Street, New York City

First National Bank of Boston
45 Milk Street, Boston, Mass.

Dividend Disbursing Agent

Manufacturers Trust Company • 55 Broad Street, New York City

Administrative Offices:

14250 Plymouth Road
Detroit, Michigan

Plant Cities:

Milwaukee and Kenosha, Wisconsin
Grand Rapids, Lansing and Detroit, Michigan

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To the Stockholders of
NASH-KELVINATOR CORPORATION

This report covers the second full year in which Nash-Kelvinator's activities have been devoted almost completely to war production. The job is not yet done, but great military developments make it possible that this will be the last full wartime report. Before the close of the current fiscal year, it is reasonable to expect there will be some resumption of civilian goods production. In these war years Nash-Kelvinator has had a fine record of accomplishment. It has utilized to the fullest extent its organization and manpower in the production of large quantities of vital war materials of the finest quality and workmanship.

The Corporation has produced at a rate many times the level of its peacetime production. It undertook a number of great tasks quite foreign to its normal manufacturing pursuits, turning farther afield than most war producers. From household appliances and motor cars, Nash-Kelvinator converted to aircraft propellers, huge aircraft engines, helicopters and numerous other items of war materiel. The Corporation delivered the varied and quadrupled production that was asked of it without any expansion of management personnel.

From the standpoint of what may be expected in peace, this productive versatility and capacity should be noted as a continuing asset.

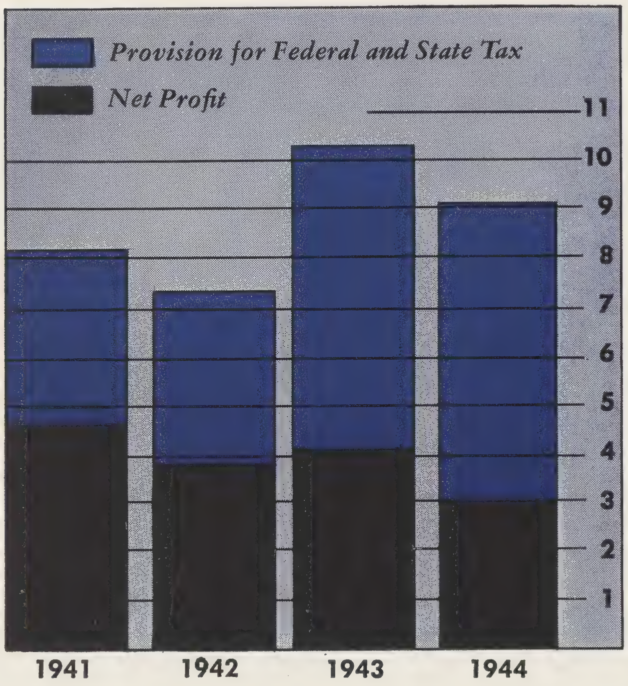
HIGHLIGHTS OF THE YEAR'S ACTIVITIES

- **Deliveries by Nash-Kelvinator reached record total of $274,436,332.93 in 1944, an increase of $89,499,970.95 above 1943.**
- **Net result of year's operations, a $1,769,541.47 increase in working capital after disbursement of $2,145,794.10 in dividends.**
- **Net profit in 1944 was $3,065,290.18, a decrease from $4,115,550.81 in 1943.**
- **Wages and salaries paid to employees during the year were $76,404,191.13, compared with $51,766,003.09 in 1943.**
- **Employment reaches new high levels.**
- **Work stoppages for all causes totaled 4/10 of 1 per cent of the 45,000,000 man-hours worked.**
- **First Nash-Kelvinator built helicopter delivered to Army Air Forces.**
- **Production of Hamilton Standard propellers passes the 100,000 mark.**
- **Pratt & Whitney engine output by company increased to new high levels.**
- **Reconversion and postwar manufacturing and sales planning completed.**

Financial Summary

The Corporation's strong financial position is indicated by the accompanying balance sheet. The net result of the year's operations is a $1,769,541.47 increase in working capital, from $33,246,142.75 to $35,015,684.22, after disbursement of $2,145,794.10 in dividends. Total current assets amounted to $73,260,776.86, of which $35,163,178.54 is in cash and U. S. Securities.

Profit Before and After Tax Provision
in Millions of Dollars



Net sales amounted to $274,436,332.93, an increase of $89,499,970.95 over the preceding year. Because of price reductions made during the year, the dollar sales figure does not fully represent the increase accomplished in delivery of units of war materials.

In 1944, net profit of the Corporation amounted to $3,065,290.18, as compared with $4,115,550.81 net profit for the previous year of 1943. This decrease was occasioned primarily by reduction of fees per unit charged to the Government under our cost plus fixed fee contracts and also by an increase in the income tax rates in 1944. This decreased profit in a record year of high production and sales reflects the Corporation's consciousness of its obligation to place profit on war work subordinate to quality, volume, and cost to the Government of all war materials delivered to our fighting forces.

Renegotiation

As you were advised in the last report, a clearance was received from the War Contracts Price Adjustment Board for the year ended September 30, 1942; the Board having determined that the Corporation did not make excessive profits in that year. Proceedings under the Renegotiation Act for the year ended September 30, 1943, have been completed and no refund of profits was required. Renegotiation data for the year ended September 30, 1944, has not yet been filed and no determination of the amount, if any, which may be refundable is possible at this time; however, the profits on war contracts for the year are considered not to be excessive and no provision for refund is believed to be required

"VT" Bank Credit

Since its conversion to war production, the Corporation has been aware of the cash outlays needed for reconversion and to provide working capital for the manufacture of war materials. In 1943 it obtained one of the first Government guaranteed "VT" credits. The loan credit amounted to $75,000,000 and maximum borrowings made under this agreement to date totaled $41,250,000. Requirements were such that these borrowings were reduced during the year and at its close amounted to $15,000,000. Since the close of the fiscal year the credit itself has been voluntarily reduced to $37,500,000.

Manufacturing Facilities

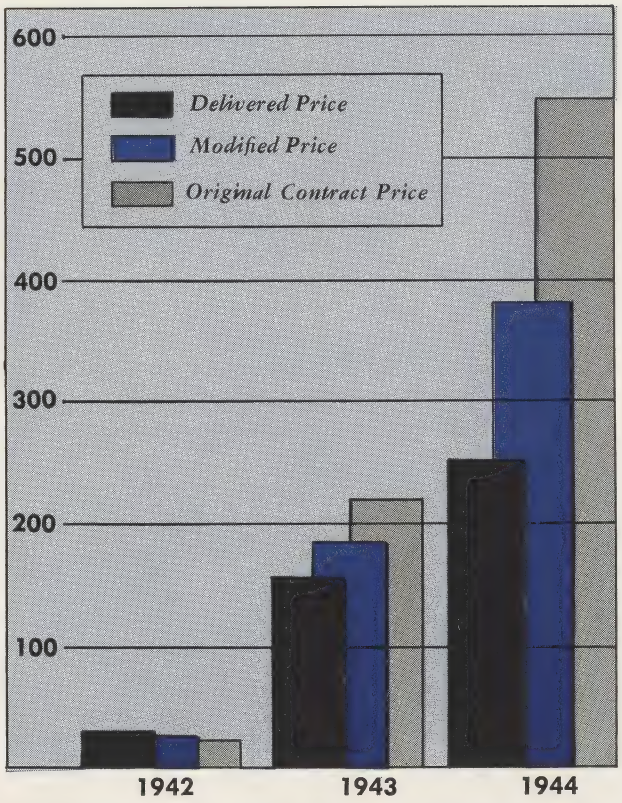
Present Corporation owned manufacturing facilities now cover 4,700,000 square feet of space. All facilities provided by the Defense Plant Corporation and now operated by Nash-Kelvinator total 1,300,000 square feet of manufacturing space.

Nash Proving Ground

During the year the Corporation purchased 200 acres of land in Wisconsin, as the postwar site of

War Production

*Original, Modified and Delivered Price in Millions of Dollars**



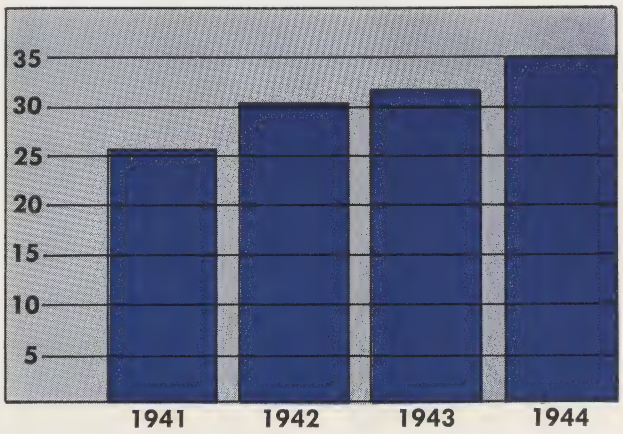
**Covers Three Major (C.P.F.F.) Contracts Only*

a modern scientific proving ground for Nash cars.

Located twenty-six miles from the Kenosha plant, the new proving ground will provide the widely varied topography required for exhaustive tests of automotive design and construction. It offers diversified terrain ranging from lowland muds to coarse glacial gravels and contains numerous hills, hogbacks, wooded areas, level open stretches and a natural stream. Selection of the site for the proving ground was made after thorough study of locations in Wisconsin which would provide both satisfactory topography and almost every kind of weather condition. It will be fully developed by the Corporation as manpower and materials become available.

Working Capital

in Millions of Dollars



War Products

The nature and scope of Nash-Kelvinator war production has been fully described in previous reports and in published statements. The war contributions of this Corporation and American industry in general are too familiar at this date to require any new exposition. However, so that this report may be complete and certain developments during the year noted, Nash-Kelvinator war manufacturing is summarized briefly as follows:

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AIRCRAFT ENGINE PRODUCTION. Large scale output of Pratt & Whitney 2000 horsepower two-stage supercharged engines used to power Corsair and Hellcat fighter planes continued to increase during the year. Rising demand for these engines required transferring part of the Kenosha production to the Milwaukee plant 40 miles away. The shifting of facilities and personnel was carried out without interrupting production.

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PROPELLER PRODUCTION. Nash-Kelvinator output of Hamilton Standard hydromatic propellers, used on 23 different types of aircraft, including the B-17 Flying Fortress, the York, Lancaster and Mosquito bombers, passed the 100,000 mark early in 1944. As one of the world's largest propeller producers, the Corporation reached what was probably peak production during the year. Some cutbacks were made in three-bladed propeller contracts late in the summer, these reductions being offset to an undetermined extent by a new contract for a four-bladed propeller of advanced design.

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HELICOPTERS. After extensive engineering and production planning and tooling in collaboration with the Army Air Forces, ATSC, and the Sikorsky Division of United Aircraft Corporation, Nash-Kelvinator's Helicopter Division completed the first helicopter built by automotive assembly line techniques. Volume production of the versatile R-6 helicopter for the armed services is now in progress.

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BOMB FUSES AND ROCKET MOTORS. Delicate propeller-equipped bomb fuses, essential to effective aerial bombing of enemy targets, reached peak volume in the Detroit plant during the year, and the contract was completely fulfilled. It was immediately replaced by a Navy contract for urgently needed rocket motors of the "Mark 9" type. These are now being produced in quantity.

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OTHER WAR PRODUCTS. During the year, the Corporation's plants continued additional diversified volume war output, producing propeller governors, parts for jeeps, tanks and trucks, trailers, ships and submarines.

Domestic Subsidiaries

RANCO, INC. Binoculars and aircraft instruments constitute an important part of war production by Nash-Kelvinator subsidiaries. Ranco, Inc. has become one of the world's largest producers of binoculars. It also manufactures aircraft instruments, including pressure gages and altitude controls used on worldwide battle fronts.

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APPLIANCE MANUFACTURING CO. For both the Army and Navy, the Appliance Manufacturing Company is producing in volume urgently needed gun mounts used in theatres of war throughout the world.

ELECTROMASTER, INC. In the heavy-duty electric range field, Electromaster, Inc. is a volume producer for the Navy Department. Electromaster is also engaged in experimental and engineering projects in collaboration with the Chemical Warfare Department. Electromaster manufactured the incendiary bombs dropped on Tokyo by Maj. Gen. James H. Doolittle and his task force in 1942.

Foreign Subsidiaries

KELVINATOR, LTD. OF ENGLAND. Commercial refrigerator units and a variety of ordnance items are manufactured by Kelvinator, Ltd., for the exclusive use of the British Armed Forces. In April the Gray's Inn Road plant was struck by a robot "buzz bomb" but the heavy damage was quickly repaired. The plant was an air target on four previous occasions during the historic Battle of Britain. Each time, however, repairs were effected in record time, despite the fact that as much as 25,000 square feet of plant area were blasted out in a single attack.

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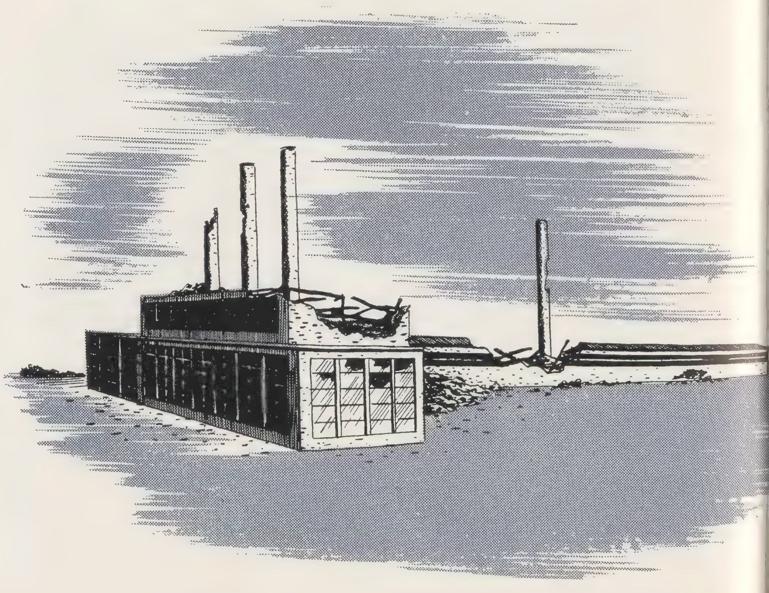
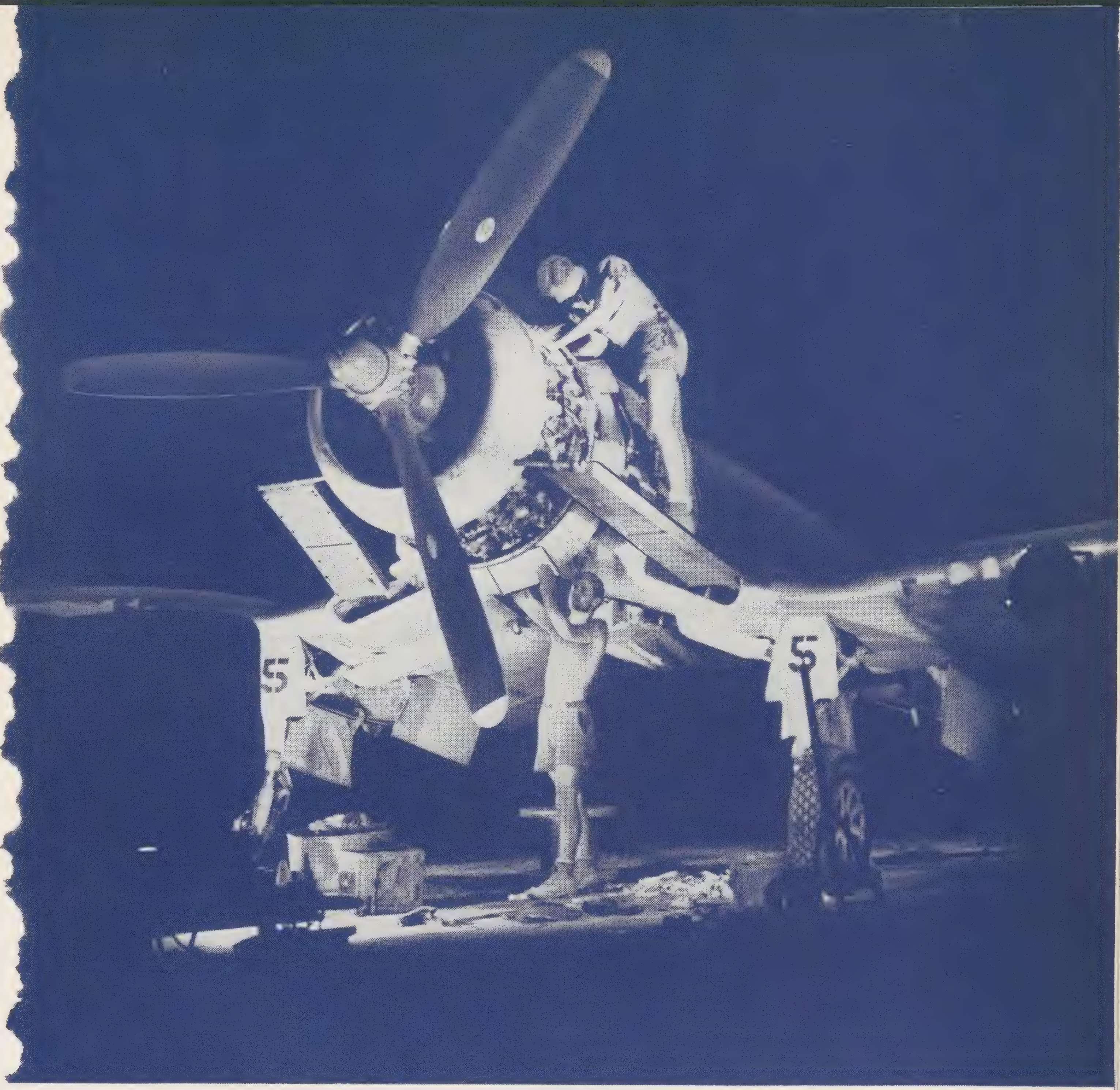
NASH MOTORS OF CANADA, LTD. This unit of the Corporation has continued to provide service to maintain essential car transportation throughout Canada. Nash Motors of Canada has no capital assets within the Dominion and no facilities available for wartime manufacturing. Nash cars have always been popular in Canada and postwar prospects, seen against the background of wartime owner service, continue excellent.





Ground crews work night and day to keep vital fighter planes in peak condition. Deep in a battle zone, this field service crew makes the necessary repairs and adjustments on a two-stage, 2000 horsepower Pratt & Whitney engine of the type built by Nash-Kelvinator. The propeller is of the Hamilton Standard hydromatic type also produced by the Corporation.

KELVINATOR OF CANADA, LTD. In the early stages of the war Kelvinator of Canada manufactured Polstein machine gun magazines and refrigerator units for the Canadian and British Governments. On completion of these contracts it became a volume producer of Bren and Sten machine gun magazines. After the war, Kelvinator of Canada will resume the manufacture of household and commercial refrigerators.

Dealer Service

Nash and Kelvinator dealers, despite severe handicaps in shortages of trained manpower and materials, have continued to supply owners of Nash and Kelvinator products with essential parts and dependable service. From the beginning the Corporation has pursued and expanded its policy of assisting its dealers in meeting essential civilian needs by reorganizing and improving its parts and service facilities.

Personnel

During the year, accelerated production schedules increased the number of employees on Nash-Kelvinator payrolls to a new high.

Total wages and salaries paid during the fiscal year were $76,404,191.13 compared with $51,766,003.09 in 1943, and $27,374,370.02 in 1941, the last pre-war year.

The great number of new employees added to meet war production requirements, the accelerated rate of personnel turnover, and the necessary replacement of manpower to meet a steady withdrawal of employees into the armed services necessitated intensified training programs which were satisfactorily met by the Corporation's own supervisory personnel.

Detailed consideration has been given to the apprentice programs, curtailed by war, and plans are complete for renewal of this activity in peacetime.

Reflecting sound relationships with employees, disputes leading to work stoppages were almost nonexistent. During the year, work stoppages from all causes resulted in the loss of only four-tenths of one percent of the 45,000,000 man-hours worked. Moreover, four of six Corporation owned or operated plants were entirely without labor disputes which led to work stoppages.

Despite enlarged facilities, longer hours, new and inexperienced people, the Corporation established an outstanding safety record.

During the year Nash-Kelvinator employees bought more than $11,000,000 in War Savings Bonds, substantially increasing Bond purchases above the preceding year. Employees also made thousands of personal contributions to Red Cross blood banks and enthusiastically responded to numerous other wartime appeals.

On the assumption that circumstances will permit full development of Corporation plans covering reconversion, post war production and merchandising, it is expected that employment in Nash-Kelvinator plants following the war will reach new high levels of peacetime employment.

The first helicopter built by automotive assembly line methods was completed by Nash-Kelvinator in September. Shown in test flight, the new craft was delivered later to the Army Air Forces, and quantity production started.

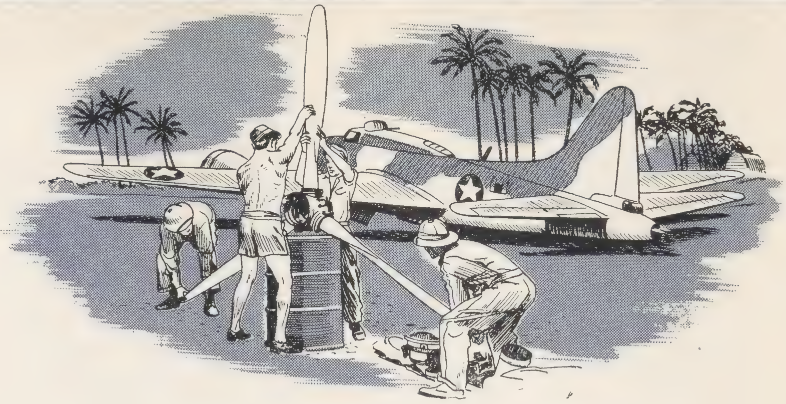
Advertising

Following United States entry into the war, Nash-Kelvinator developed an advertising program which has helped advance the Corporation into a more important place in public acceptance. Marking its success during the past year, it was accredited by a leading independent survey as occupying one of the foremost positions in advertising readership.

The Corporation's program of advertising and public relations is aimed at maintaining and increasing public acceptance of the names "Nash" and "Kelvinator", and to report the Corporation's wartime progress both to its customers and to the public at large. It also seeks to contribute to a better understanding of industry at war and to provide the fullest possible public support for the perpetuation of the system of free enterprise.

A portion of Nash-Kelvinator's advertising has been devoted to telling owners and dealers how to keep cars and refrigerators in service during war critical years. It has aided in the promotion of War Bond purchases, blood plasma donations, scrap paper drives, and other appeals to which the public has generously responded. It has also brought in requests for more than a quarter-million reprints of ads from men in the armed services, from their families, from churches, schools, and libraries. On two occasions text of Corporation advertisements has been read into the Congressional Record.

The broad concept of Nash-Kelvinator's advertising is being continued in basic character, with modification and revision from time to time to keep it abreast of the Corporation's objectives and changes in public attitudes.

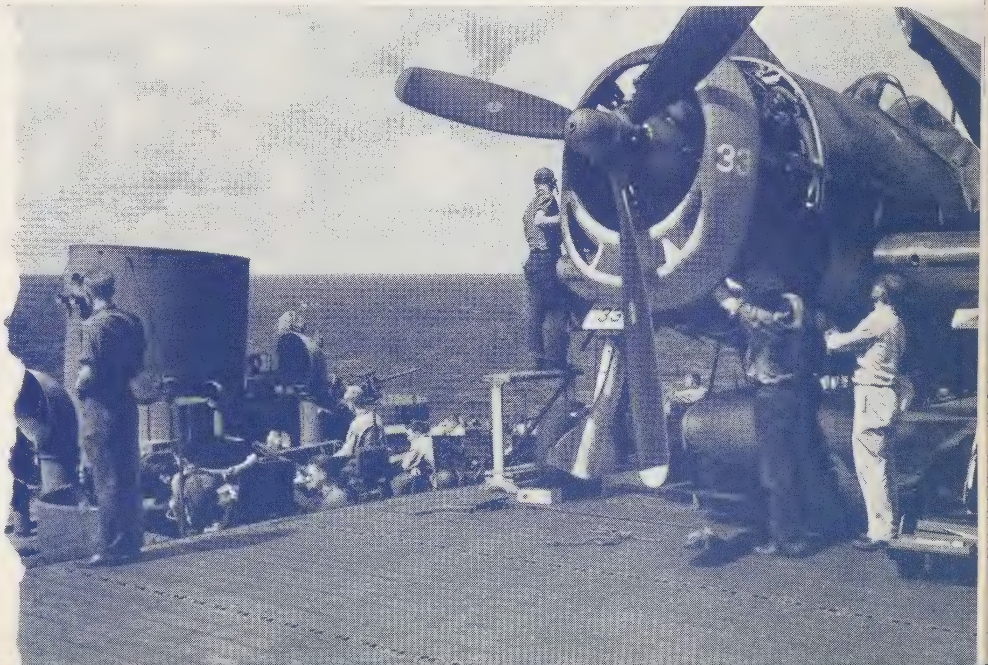


Reconversion

It is now anticipated that the end of hostilities in Europe will be followed by a reduction in war materiel requirements. Careful advance planning by the Government of the resulting cutbacks and contract cancellations will alleviate reconversion problems and remove certain war-created barriers to early resumption of domestic production and employment.

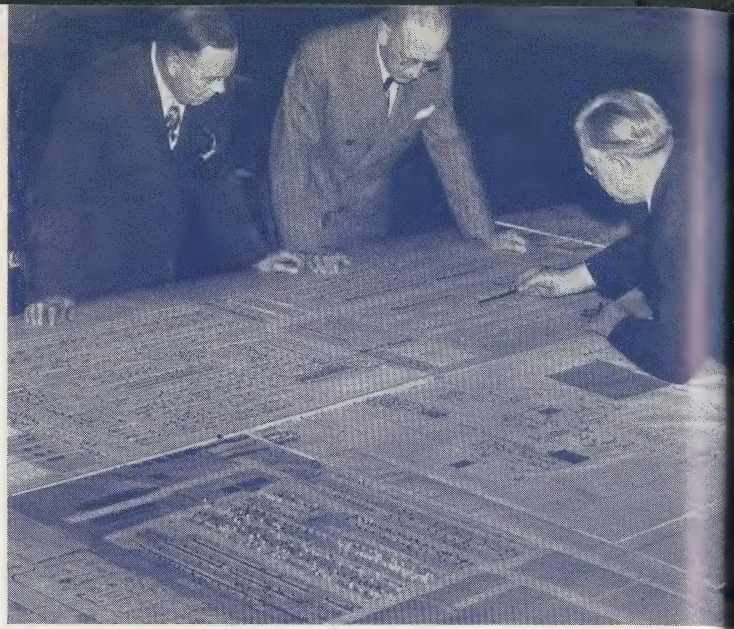
The need for speed in reconversion lies primarily in the responsibility to keep reconversion unemployment at a minimum. The extent of such unemployment will depend largely upon the promptness and thoroughness of reconversion preparations by both Government and industry. Permission for pre-conversion activities to take second rank only to war production needs is especially desirable.

Establishment of Government policies which would permit rapid clearing of war material and machinery from converted plants, construction of dies, essential machine and other tools and advance ordering of parts and materials, would very greatly limit the amount and length of unemployment. It would also be helpful if Government policies were established which would permit early return of specialized war production, particularly in the air-



This Navy Hellcat, parked on the flight deck of a first-line aircraft carrier, is among the outstanding planes powered by the two-stage supercharged 2000 hp Pratt & Whitney engines which the Corporation produces in volume. Nash-Kelvinator-built propellers and engines help give American and Allied airmen the best in fighting equipment.

Postwar operations of Nash-Kelvinator plants are carefully prepared, with this layout board showing some of the Corporation's complete planning for speedy reconversion of facilities.



craft field, to those companies normally specializing in the field. This would permit these companies to utilize their facilities fully during the balance of the war, and at the same time free producers of peacetime products to close the reconversion gap quickly.

For our part, buildings have been blueprinted and machines set in place on paper. Orders have been placed with suppliers of materials and equipment. Product and sales plans are ready. These assignments, vital to smooth return to a sound peacetime economy, have been carried out without diverting attention from war work or reducing war output by so much as a single unit.

Reconversion, in one sense, will be easier than conversion, for we will be returning to familiar ground. Notwithstanding, it will be a difficult process, and the contingencies ahead make a specific reconversion time-table a matter of broad conjecture.

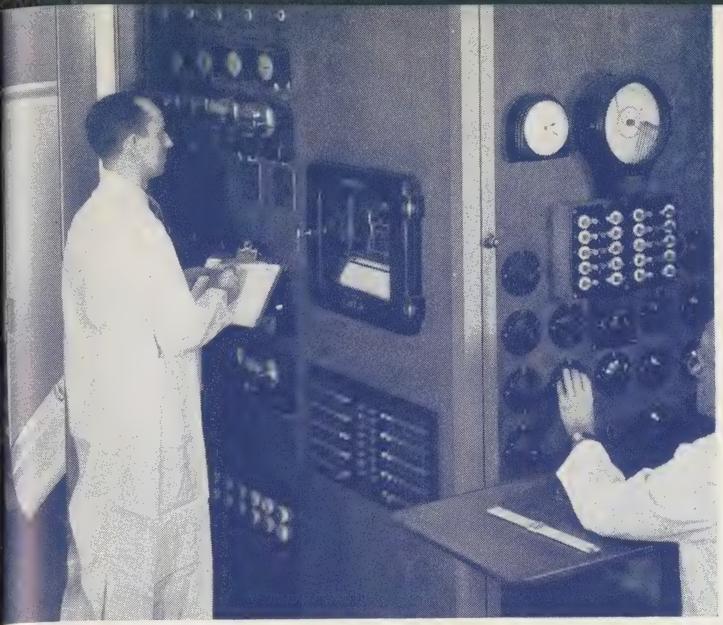
Postwar

The efforts of Nash-Kelvinator continue to be directed to its part in winning the war. Nevertheless, as mentioned earlier in this report, the Corporation foresaw clearly the need for intensive advance planning and preparation for the postwar period. Out of this planning and looking forward to discarding wartime measures, has come a long term program aimed at reconversion and progress to new high levels of production at the end of the war.

The Corporation's research activities are well advanced but radically changed models of the last pre-war products are not immediately in prospect. In the interests of early employment and civilian needs, it is likely that the Corporation's first postwar products will be essentially the same as those being built when civilian production was halted by war.

Today, great backlogs of demand for consumer commodities await resumption of production of all types of civilian goods and few stand higher on the consumers' list than automobiles and household appliances. It is generally agreed that war accumulated savings and potentially high post war levels of employment, combined with backlog con-

A wide variety of terrain, providing excellent testing conditions for automobiles, is found in the recently-acquired 200-acre tract in Wisconsin, which is to be developed as a postwar proving ground for Nash cars.



Highly developed research and laboratory techniques help keep Kelvinator and Leonard home appliances in a foremost competitive position. Preparations for postwar products are well advanced.

sumer demands, provide Nash-Kelvinator with an unequalled opportunity.

While the Corporation plans aggressive participation in the high level activity of the "backlog" market, its goal is essentially concerned with the long term position. Its policies are actuated by the principle of using the period of the "seller's" market to establish the Corporation and its dealers securely against the time when severe consumer shortages have been alleviated and selling again becomes balanced with prevailing purchasing power.

In such an atmosphere, looking beyond the "seller's" market, the Corporation is aiming at a substantially larger share of sales in the automotive and appliance fields. The Kelvinator Division was moving in this direction several years before the war as evidenced by a sharply increased rate-of-gain in sales of appliances. Similarly, the low priced Nash "600" and the Nash Ambassador Six, were designed to attain a more important place for Nash in the automotive market. It is worthy of note that the rate-of-gain of Nash automobile sales was the highest in the low and medium price car fields during the last peacetime production year.

These long-term programs, interrupted by the necessities of war, have since been supplemented and when the time comes the revised programs will be launched with renewed force.

The new Nash automobile dealer program and franchise provides Nash dealers with a discount structure equal to the best in the industry. From the outset, the program has aimed at increasing public acceptance of Nash cars.

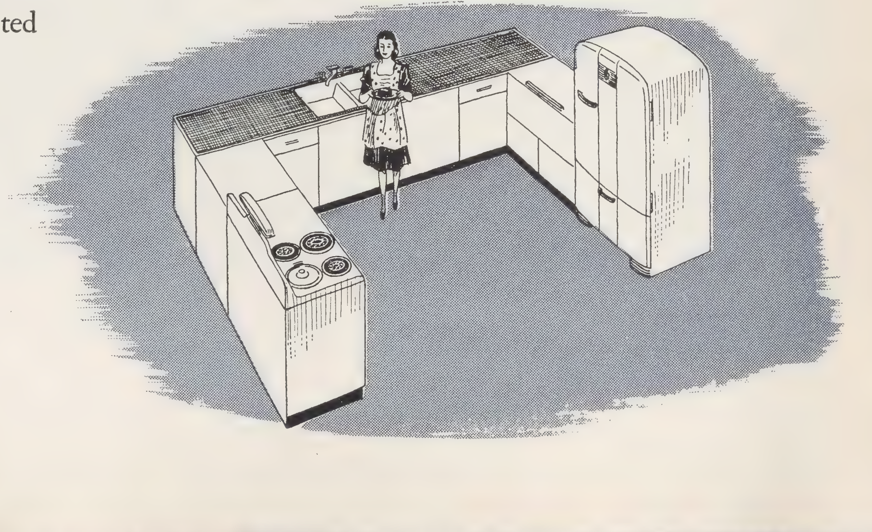
In its Kelvinator program, the Corporation has aimed at higher levels in sales of refrigerators, electric ranges, water heaters, commercial refrigeration units, beverage coolers, and ice cream cabinets. At the same time Kelvinator also plans to obtain a substantial share of home freezer sales with a unit selling at about the cost of good household refrigerators.

Both programs are the outcome of the same general planning, calling for streamlined, high volume, low cost manufacturing and distribution through selected dealers in every important market.

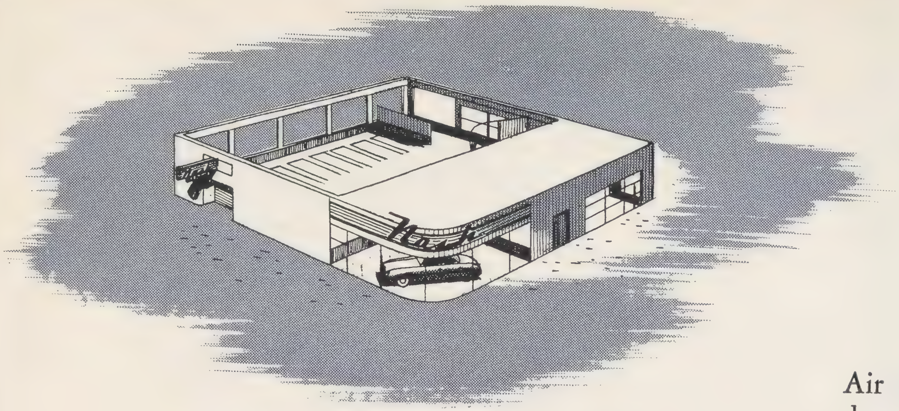
Export

The Export divisions of both Nash and Kelvinator have continued their activities during the war on the basis of essential parts and service operations, although business has ceased with countries in active war zones.

Nash-Kelvinator export activities before the war occupied a satisfactory and profitable position comparing favorably with domestic volume and prep-



Kelvinator and Leonard appliances are ready to play an increasingly important role in American homemaking progress after the war.



Nash dealers are already planning important advances in postwar building design and layout.

arations are being made to extend these operations on a basis similar to the domestic program.

In Conclusion

This report would not be complete without acknowledgment and appreciation of the cooperation all departments of the Corporation have received from representatives of the Army, the Army Air Forces, the Navy, and other branches and departments of the Government, in meeting the requirements of war contracts.

G. W. Mason.

GEORGE W. MASON,
President.

By order of the Board of Directors

ANNUAL MEETING

The next annual meeting of stockholders will be held January 17, 1945, at the office of the Corporation, at Room 1654, No. 10 Light Street, Baltimore, Maryland, at 11:00 o'clock A. M.

On or before December 22, 1944, your Registrar, the Manufacturers Trust Company, New York, will mail proxies to those stockholders unable to attend the meeting. You are asked to fill in and return these proxies at your earliest convenience. This action on the part of stockholders in promptly returning proxies will save the Corporation the considerable expense otherwise involved in follow-up needed to secure them.

At a Marine air base in a Pacific combat area, this Pratt & Whitney engine, of the type built only by Nash-Kelvinator and its designer, undergoes repairs by a crew of field service specialists preparatory to returning to action.

ERNST & ERNST

DETROIT

November 30, 1944

Board of Directors,
Nash-Kelvinator Corporation,
Detroit, Michigan.

We have examined the consolidated balance sheet of Nash-Kelvinator Corporation and consolidated subsidiaries as of September 30, 1944, and the consolidated statements of profit and loss and surplus for the year then ended, have reviewed the systems of internal control and the accounting procedures of the companies and, without making a detailed audit of the transactions, have examined or tested accounting records of the companies and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

In our opinion, the accompanying balance sheet and related statements of profit and loss and surplus present fairly the consolidated position of Nash-Kelvinator Corporation and its consolidated subsidiaries at September 30, 1944, and the consolidated results of their operations for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Ernst & Ernst

Certified Public Accountants

CONSOLIDATED PROFIT AND LOSS STATEMENT

Nash-Kelvinator Corporation and Subsidiaries

Year ended September 30, 1944

Net sales including billable costs and fees on cost-plus-fixed-fee contracts			$274,436,332.93
Other income:			
Dividends received from controlled companies		$ 319,864.44	
Profit on sale of United States Government securities		159,923.95	
Interest on United States Government securities		387,422.46	
Portion of operating reserves no longer required		105,158.16	
Sundry other income		146,268.77	1,118,637.78
			$275,554,970.71
Less:			
Cost of products sold		$256,584,865.06	
Selling, advertising, and administrative expenses		8,134,757.44	
Interest and commitment fees on VT loan		1,114,366.46	
Sundry income deductions		145,691.57	
Provision for post-war reconversion of plants and re-establishment of civilian business		450,000.00	
Federal and state taxes on income—estimated:			
Normal income taxes and surtax	$1,650,000.00		
Federal excess profits tax (less credit of $490,000.00 for post-war refund)	4,410,000.00	6,060,000.00	272,489,680.53
		NET PROFIT	$ 3,065,290.18

Provision for depreciation in the amount of $1,153,256.89 has been deducted in the above statement.

Proceedings under the Renegotiation Act for the year ended September 30, 1943, have been completed and no refund of profits was required. Renegotiation data for the year ended September 30, 1944, has not yet been filed and no determination of the amount, if any, which may be refundable is possible at this time; however, the profits on war contracts for the year are considered not to be excessive and no provision for refund is believed to be required.

The Corporation's share for the year of the net profits less dividends of unconsolidated subsidiaries, which have not been reflected herein, amounted to $205,802.16 for domestic subsidiaries and to approximately $127,000.00 (Canadian dollars) for the Canadian subsidiary including its English subsidiary.

CONSOLIDATED BALANCE SHEET

CURRENT ASSETS			
Cash			$15,930,941.89
United States Government securities, at cost plus accrued interest (aggregate quoted market price $19,056,999.03)			18,994,221.83
United States War Savings Bonds for sale to employees			238,014.82
Notes and accounts receivable, including billings for costs and fees on cost-plus-fixed-fee contracts, less reserve of $39,338.38—Note A			21,882,102.62
Unbilled costs and fees on cost-plus-fixed-fee contracts—Note A			11,871,555.56
Reimbursable expenditures for production facilities			135,023.17
Inventories—at lower of cost (first-in, first-out) or market—Note B			4,208,916.97
TOTAL CURRENT ASSETS			$73,260,776.86
INVESTMENTS AND OTHER ASSETS			
Investments in and advances to subsidiaries not consolidated—at cost:			
Capital stock ($3,000,000.00) of, and advance ($1,421.33) to Refrigeration Discount Corporation—wholly-owned		$3,001,421.33	
Capital stock of other domestic subsidiaries—not wholly-owned		811,093.25	
Capital stock ($65,942.40) of, and advances ($17,839.52) to Kelvinator of Canada, Ltd.—not wholly-owned		83,781.92	
		$3,896,296.50	
Cash surrender value of life insurance		269,010.00	
Post-war refund of federal excess profits taxes—estimated		1,100,000.00	
Employees' traveling advances and accounts		41,117.57	
Miscellaneous investments and accounts, less reserve of $39,063.64		299,894.31	5,606,318.38
PROPERTY, PLANT, AND EQUIPMENT—at cost			
Land		$1,419,645.60	
Buildings, equipment, and dies	$21,704,338.43		
Less reserves for depreciation	11,710,221.67	9,994,116.76	11,413,762.36
PATENTS AND GOOD WILL			2.00
DEFERRED CHARGES			
Prepaid taxes, insurance, advertising, and miscellaneous expenses			523,744.03
			$90,804,603.63

Note A—Notes payable are VT loans under a bank credit agreement whereby borrowings are guaranteed in part by the War Department of the United States and the Corporation has agreed that it will, upon demand by the banks or the guarantor, assign its rights under its war contracts as collateral. The Corporation has further agreed that it will maintain net current assets of at least $25,000,000.00 plus 25% of net earnings for each of the fiscal years 1944 and 1945, or plus such lesser amount of such earnings as may remain after dividend payments not in excess of fifty cents per share per annum. The agreement limits dividend payments to fifty cents per share per annum or such greater amount as is not in excess of 75% of earnings in each year.

Nash-Kelvinator Corporation and Subsidiaries

September 30, 1944

CURRENT LIABILITIES

Notes payable to banks—Note A		$15,000,000.00
Accounts payable:		
Trade accounts	$10,717,395.49	
Pay rolls, pay roll taxes, and deposits of employees	4,006,112.11	
To domestic subsidiaries not consolidated	89,107.81	
Miscellaneous	239,756.74	15,052,372.15
Accrued expenses		707,756.16
Federal taxes on income—estimated		7,484,964.33
TOTAL CURRENT LIABILITIES		$38,245,092.64

RESERVES

For five-year warranty on refrigerators	$ 2,093,933.91	
For warranties, operating, and service requirements	144,209.96	
For post-war reconversion of plants and re-establishment of civilian business	1,200,000.00	
For contingencies	1,000,000.00	4,438,143.87

CAPITAL STOCK AND SURPLUS

Capital stock, par value $5.00 per share:			
Authorized	5,000,000 shares		
Issued	4,375,600 shares	$21,878,000.00	
In treasury, of which 50,000 shares are reserved for existing stock purchase option at $5.00 per share	84,490 shares	422,450.00	
Outstanding	4,291,110 shares	$21,455,550.00	
Surplus (restricted in the amount of $422,450.00 representing the par value of shares held in treasury):			
Capital surplus		6,438,441.36	
Earned surplus		20,227,375.76	48,121,367.12

CONTINGENT LIABILITIES

As endorser of installment contracts discounted with Refrigeration Discount Corporation; under an agreement with the same company to repurchase any repossessed products at the unpaid balance; to pay to the same company 50% of the unpaid balance on certain retail contracts in case of repossession by the discounting dealers. The Corporation has also guaranteed certain banks and finance companies against losses on advances aggregating $57,613.56 made under the Nash Dealer Monthly Income Plan.	$90,804,603.63

Note B—The inventories include materials and partly manufactured products in the amount of approximately $1,600,000.00 after adjustment for estimated loss, which are restricted by government order as to manufacture.

Note C—The Corporation's share of undistributed profits of unconsolidated subsidiaries from dates of acquisition amounts to $865,097.47 for domestic subsidiaries and to approximately $911,000.00 (Canadian dollars) for the Canadian subsidiary including its English subsidiary.

CONSOLIDATED STATEMENT OF SURPLUS

Nash-Kelvinator Corporation and Subsidiaries

Year ended September 30, 1944

CAPITAL SURPLUS

Balance at October 1, 1943	$ 6,438,735.29
Deduct excess of the cost over the par value of 78⅜ shares of capital stock, represented by fractional shares, purchased during the year	293.93
Balance at September 30, 1944	$ 6,438,441.36

EARNED SURPLUS

Balance at October 1, 1943	$19,307,879.68
Net profit for the year	3,065,290.18
	$22,373,169.86
Cash dividends paid $0.50 per share	2,145,794.10
Balance at September 30, 1944	$20,227,375.76

Surplus is restricted in the amount of $422,450.00, representing the par value of shares held in the treasury.

Warming up for the take-off, this Navy Corsair shipboard fighter plane is powered by a Nash-Kelvinator built 2000 horsepower, two-stage supercharged engine.

CONSOLIDATED BALANCE SHEET

Refrigeration Discount Corporation and Subsidiary

September 30, 1944

ASSETS

Cash			$ 1,148,192.81
United States Treasury notes, due March 15, 1947, at cost plus accrued interest (quoted market price $12,041,250.00)—Note A			12,006,120.00
Contracts, notes, and accounts receivable:			
Household appliances, refrigeration equipment, and automobiles		$2,306,644.37	
Other contracts and advances, including loans against accounts receivable, plant facilities, etc.		675,852.41	
		$2,982,496.78	
Less: Unearned discount and service charges		$ 188,048.29	
Reserve for losses		359,104.91	
		$ 547,153.20	2,435,343.58
Other assets:			
Refund of federal excess profits taxes for prior years—estimated		$ 53,000.00	
Employees' advances and miscellaneous deposits		819.47	
Miscellaneous accounts receivable		4,954.96	58,774.43
Furniture and fixtures—at cost less reserve for depreciation of $43,147.93			21,960.44
Prepaid insurance and taxes			947.25
			$15,671,338.51

LIABILITIES

Notes payable due within one year—Note A			$12,000,000.00
Accounts payable:			
To Nash-Kelvinator Corporation		$ 1,421.33	
For state, local and pay roll taxes, and current expenses		30,354.09	31,775.42
Accrued federal capital stock tax			1,250.00
Federal taxes on income—estimated			115,813.49
Amounts withheld on contracts purchased			202,436.17
Capital stock and surplus:			
Preferred stock, par value $100.00 per share:			
Authorized and issued	15,000 shares	$1,500,000.00	
Less redeemed	15,000 shares	1,500,000.00	
Common stock, par value $100.00 per share:			
Authorized	40,000 shares		
Issued and outstanding	32,000 shares	$3,200,000.00	
Earned surplus		120,063.43	3,320,063.43
			$15,671,338.51

Note A—United States Treasury notes are pledged as collateral to notes payable of $12,000,000.00.

Board of Directors,
Refrigeration Discount Corporation,
Detroit, Michigan.

We have examined the consolidated balance sheet of Refrigeration Discount Corporation and subsidiary as of September 30, 1944, and the consolidated statements of income and earned surplus for the year then ended, have reviewed the system of internal control and the accounting procedures of the companies and, without making a detailed audit of the transactions, have examined or tested accounting records of the companies and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

In our opinion, the accompanying balance sheet presents fairly the consolidated position of Refrigeration Discount Corporation and subsidiary at September 30, 1944, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ERNST & ERNST,
Certified Public Accountants

Detroit, Michigan
November 30, 1944

PRINTED IN U.S.A.

NASH • KELVINATOR
CORPORATION
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ANNUAL REPORT TO STOCKHOLDERS

1945

Year ended September 30th

Nash-Kelvinator Corporation

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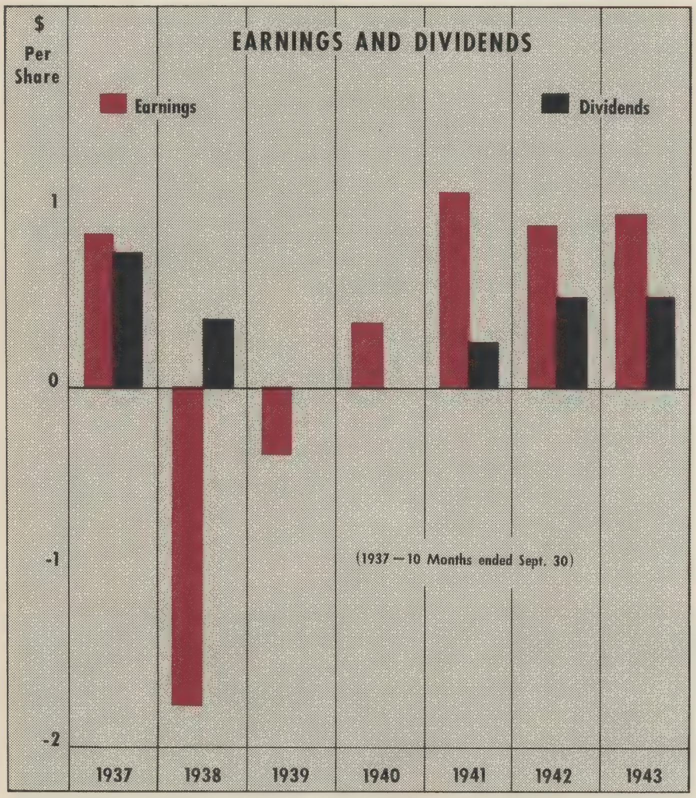
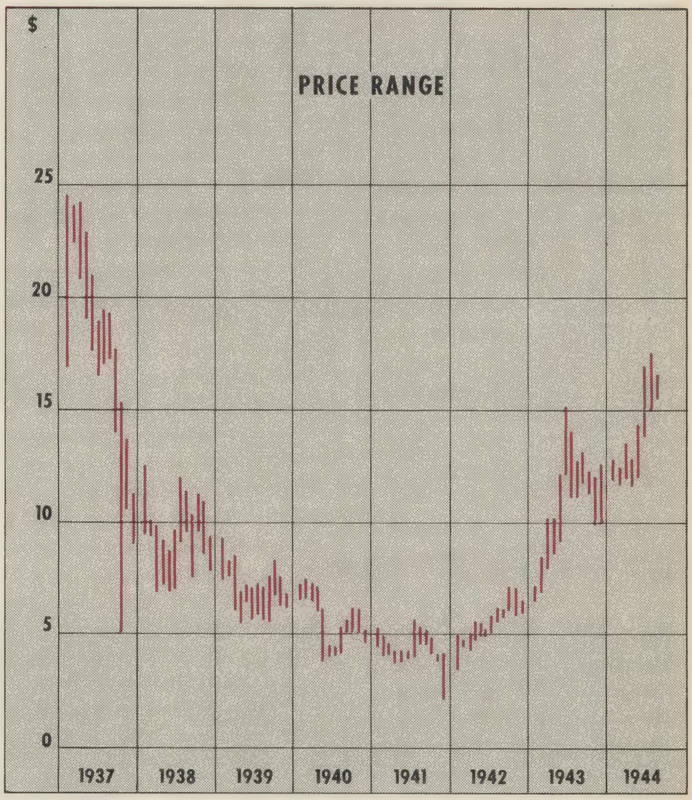
NASH-KELVINATOR CORPORATION





TIMING . . . For every investor, sound investment procedure requires a series of separate but related decisions in each of which "risks and rewards" must be weighed. Of these decisions, all investment experience proves that "when to buy" ranks equally in importance with "what to buy." Similarly, the alert investor will recognize that there is no security which can be "bought and forgotten" and that successful investment requires keen judgment in timing sales as well as purchases.

MERRILL LYNCH, PIERCE, FENNER & BEANE

Underwriters and Distributors of Investment Securities
Brokers in Securities and Commodities

70 PINE STREET, NEW YORK 5, N. Y.

NASH-KELVINATOR CORPORATION

FAVORABLE

(1) Large pent-up demand for automobiles indicates substantial sales in this division in early post-war years, with the low priced Nash "600" model likely to account for a large amount of business.

(2) Refrigerator business also likely to run at unusually high levels in nearby years, with further contributions from other household lines.

(3) Company's large interests in non-automobile fields afford considerably greater diversification than is common for most of smaller car builders.

(4) Profits-to-sales ratio may increase in peacetime era, especially if tax burden is materially lightened.

(5) Financial status definitely strong (among the best of independent car producers) and should aid in efforts to expand trade position.

(6) Larger dividends appear a logical expectation later on.

UNFAVORABLE

(1) Following the probable heavy demand for consumer durable goods in the early peace years, sales for the general automobile and refrigerator industries may well decrease considerably.

(2) Competition from the Big Three auto makers will tend to limit average volumes of the independent manufacturers, and the unit economies accruing to mass production will make it difficult for the smaller concerns to record generous profit margins.

(3) Higher wage costs experienced by the industry in late years are another influence serving to restrict margins, although higher selling prices may partly compensate.

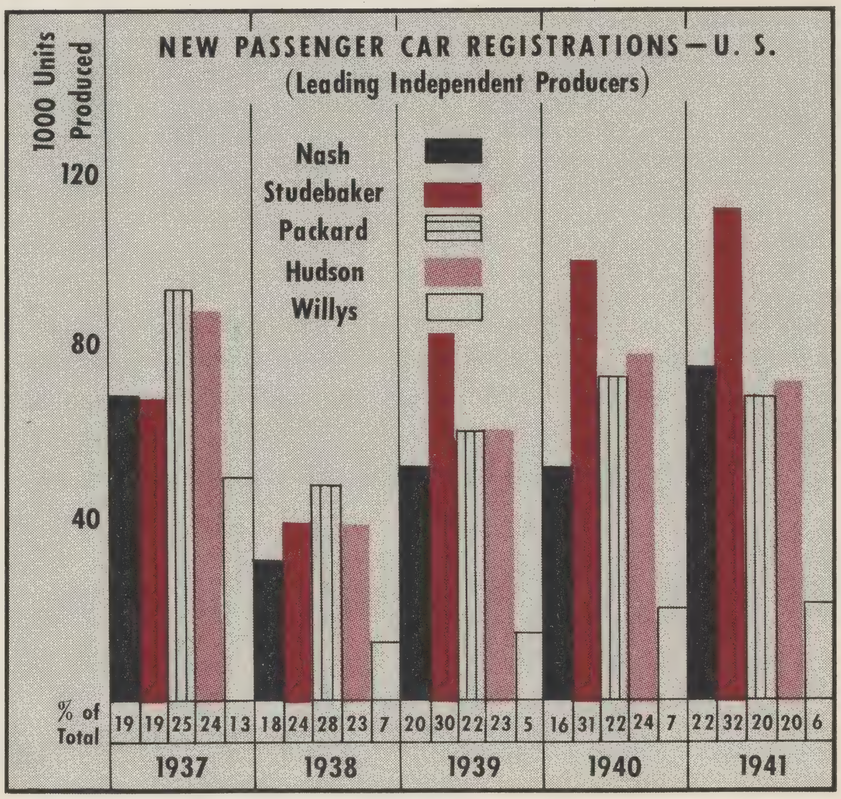
(4) Over an extended period, possible development of large civilian aircraft market may somewhat limit demand for highway vehicles.

(5) The wide variations in sales usually experienced, coupled with relatively large inflexible expenses, make for instability of earnings and dividends.

BASIC POSITION

The peacetime business of Nash-Kelvinator consisted mainly of passenger automobiles and electric refrigerators, in addition to certain other household appliances. In wartime, the company's activities have been devoted for the most part to production of aircraft engines, propellers and helicopters, these items having been basically designed by divisions of the United Aircraft Corp. and the subject company licensed to produce under these designs. Other military items made for war purposes include hydraulic speed control governors for propellers, machine gun mounts, incendiary bombs, binoculars and numerous other products.

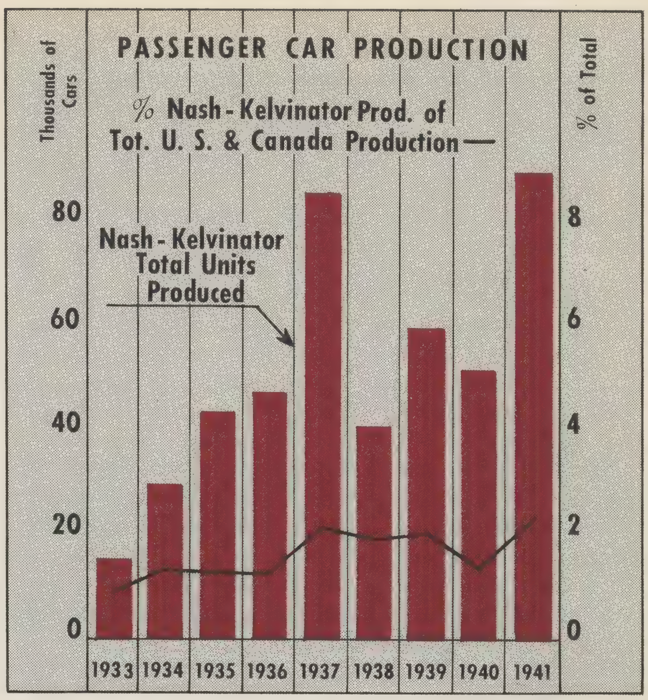
Representing a merger, effective January 1937, of the Nash Motors Co. and the Kelvinator Corp., the combined enterprise included one of the more important of the independent passenger car makers and a leading producer of electric refrigeration units and related equipment lines. In the automobile division, offerings in the lower priced and medium priced brackets in pre-war years accounted for approximately 2% of total



unit passenger car business in the United States during the several years preceding hostilities. The Nash division makes a considerable percentage of the parts used in the finished cars, including complete bodies made by the Seaman Body Division. The largest unit output of automobiles recorded by this company for an extended interval was in the fiscal year 1941, when 89,574 cars were shipped.

The Kelvinator division is one of the largest makers of electric refrigeration equipment, with approximately 15% of the industry's volume normally obtained. Household refrigerators are sold under the Kelvinator and also the Leonard names. In the commercial refrigeration department, ice cream cabinets, beverage coolers, display cases, installations for food stores and trucks are included in the line. The company also makes electric ranges, water heaters, and through subsidiary or affiliated concerns, produces condensing units, washing machines and thermostatic devices.

In normal times, exports are believed to have accounted for an average of some 10% of total sales. In addition to the main manufacturing plants in Wisconsin and Michigan, subsidiaries have plants in Canada and England. The Refrigeration Discount Corp., 100% owned, conducts instalment sales finance operations.



CAPITALIZATION SEPTEMBER 30, 1943

Long Term Debt	None
Capital Stock ($5 par)	4,291,188 shares*

*In addition, 50,000 shares are under option, exercisable before October 1, 1948, at $5 a share.

COMMENT: With only one class of stock, the company has a simple capital structure which is, however, rather large. Per share earnings and dividends have been held to comparatively small amounts during recent years, reflecting the effects of keen competition in pre-war periods and heavy taxes during the war.

EARNINGS

With war work substantially expanded, 1943 sales gained more than $100 million over 1942 when a reduction from the last pre-war year had been shown, largely as a result of the drop in volume during the changeover to military production. The ratio of net operating profit to sales compared well with that in most of the 1937-1941 period, but 1943 net was held down by heavier taxes and a post-war reserve of $0.11 a share. Taxes accounted for 67% of pre-tax earnings in 1943, whereas in the two preceding years they absorbed about 44%. Thus, earnings equaled $0.96 a share and were only 2.2% of sales in 1943; in 1942, $0.89 a share was reported and 4.7% sales was carried through to net.

Further increases in war schedules were reflected in record sales exceeding $210 million in the nine months ended June 30, 1944, a 69% rise over the year-earlier figure. Earnings were not up proportionately, however, as profit margins are indicated to have been narrowed. Net per share was $0.52 against $0.48 in the first nine months of the 1943 fiscal year.

Years Ended Sept. 30	Net Sales	Depreciation	Net Operating Profit	Net Operating Margin of Profit	Other Income	Pre-tax Earnings	Federal Income & Ex. Prof. Taxes	Net Income	$ Per Common Share		Price Range‡	
	Dollar Figures in Thousands								Earned	Divd.	High	Low
1943*	$184,936a	$1,203	$10,085	5.5%	$ 891	$10,927	$6,640	$4,116c	0.96c	0.50	15⅛	6⅜
1942†	82,061a	1,248	6,953	8.5	1,643	8,313	3,405	3,828c	0.89c	0.50	7	3⅜
1941	122,045	1,288	9,037	7.4	1,042	8,217	3,525	4,617	1.08	0.25	5⅝	3
1940	73,490	1,251	2,059	2.8	929	1,875	370	1,505	0.35	Nil	7⅜	3¾
1939	72,535	1,334	d1,466	d2.0	812	d1,573	Nil	d1,573	d0.37	Nil	9¼	5⅜
1938	54,113	1,392	d7,735	d14.3	857	d7,662	Nil	d7,655	d1.78	0.37½	12½	6¾
1937††	80,554	977	3,999	5.0	1,979	4,465	825	3,640	0.85	0.75	24⅝	5

*—Before renegotiation. †—After renegotiation. ‡—Calendar year. ††—10 months ended Sept. 30, 1937; includes Kelvinator Division from Jan. 4, 1937 to Sept. 30, 1937. a—Includes billable costs and fees on cost-plus-fixed fee contracts. b—After deducting $478,347 equal to $0.11 a share provided for taxes in prior years but no longer required. c—After deducting reserve for post-war reconversion of $600,000, equal to $0.14 a share in 1943 and $900,000, including $750,000 for revaluation of inventories, equal to $0.21 a share in 1942. d—Deficit.

FINANCES

The company has long maintained a strong financial position, with liquid assets usually well above current liabilities in pre-war years. At September 30, 1943, cash and U. S. Government securities (including cash of $7,755,000 restricted to use on war contracts) totaled more than $35.5 million. Receivables and unbilled costs and fees of more than $39 million were the principal remaining current items. Net working capital in 1943 of $33.2 million compared with $18.8 million in 1940, when this figure (then the lowest in many years) had been affected by outlays incident to introduction of the low priced Nash Ambassador "600" models. During the several years through 1940, the company invested over $3 million in new plant facilities and several million dollars in special tools and dies for this line. Although it has been estimated that some $6 million may be spent in the automotive division alone to prepare for the post-war program, the fiscal status appears ample. This estimated outlay is believed to include a substantial amount for additional productive capacity.

CERTAIN EXPENSE ITEMS RELATED TO SALES

Years Ended Sept. 30	Depreciation (000's)	% of Sales	Amortization (000's)	% of Sales	Selling & General Expenses	% of Sales
1943	$1,203	0.65	$281	0.15	$6,074	3.28
1942	1,248	1.52	1,625	1.98	6,076	7.40
1941	1,288	1.06	4,228	3.46	14,005	11.48
1940	1,251	1.70	1,538	2.09	12,015	16.35
1939	1,334	1.84	1,999	2.76	11,093	15.29
1938	1,392	2.57	1,304	2.41	10,854	20.06
1937	977	1.21	1,337	1.66	10,165	12.62

OUTLOOK

After reconversion, the automobile trade should enjoy record sales in the early post-war years and in order to capitalize on the huge accumulated demand, Nash-Kelvinator's car division has established a sales goal far above the pre-war rate. Compared with an average yearly output of 66,000 cars in the 1937-1941 period, the Nash division will have the capacity to make as many as 250,000 units annually.

The Ambassador "600" model, during its first year, helped measurably to advance the Nash sales position. With this model—designed to sell in the economy bracket—the company should again be an active contender in the low price field. The larger Nash cars also should contribute materially to sales. Domestic passenger car registration figures revealed Nash in second position among the independents during 1941, whereas in the several preceding seasons, the company held fourth place.

Competition from the major automobile companies and from other independents will be intense, however, and wage scales may hold above pre-war levels. Since this company's program involves relatively large discounts to car dealers, it may prove difficult to realize generous margins of profits in the automobile branch of the business. Nevertheless, internal changes affected in recent years and streamlined selling policies, including the strengthening of dealers through generous discounts and by limiting the number of outlets, may aid the company considerably in its post-war activities.

A substantial contribution is also indicated from the Kelvinator division, although refrigerator sales probably will account for a smaller share of sales volume than the automobile division of the company. Aggressive marketing methods, including relatively low selling prices, are expected to be a major feature of this division as was formerly the case. In 1941, for the second successive year, Kelvinator raised its percentage of the industry's sales and its volume then was the best in its history. Unit profits were moderate and are likely to be rather limited in coming years, as the trade is keenly competitive. Other household items, like ranges, washing machines and water heaters, should provide a fair amount of business.

Among the factors restricting earnings in the late pre-war period were narrow profit margins on refrigerators, large expenses incident to introduction of the lower priced Nash "600" models and lack of sustained high automobile sales volume; also, the general business recession of 1937-1938 complicated the task of consolidating the merged units into one organization. Thus, Nash-Kelvinator's earnings could show distinct betterment in future years, particularly given a reduction in the tax load.

For the early post-war period, a significant point is that, as far back as 1942, the company had charged off all of its special tools and dies for civilian products. (In the 1941 fiscal year, these charges accounted for over $4,200,000, far above the company's usual rate and almost equal to the final net profit shown for 1941.) Given the added prospect of above-average sales, this suggests a considerable reduction in tooling charges per unit of output for some time ahead.

After the early post-war demand slackens, a resumption of the wide variations in automobile and consumer durable goods demand is probable. Accordingly, with inflexible costs fairly high, earnings will continue to be sensitive to shifting demand conditions.

The following disclosure is made in accordance with the policy of Merrill Lynch, Pierce, Fenner & Beane, so that customers may judge for themselves the possibility and extent of bias on our part in the presentation of data in this booklet. Such disclosures are not intended to influence the decision of customers to purchase or sell the security mentioned.

The firm of Merrill Lynch, Pierce, Fenner & Beane for its own account and/or its general partners on October 5, 1944, had a small direct and indirect beneficial interest (market value less than $50,000) in the security mentioned herein.

The information contained in this folder has been obtained from the company reports, various statistical services and other sources that we believe reliable but without independent verification or investigation by us. This information is not intended to and shall not be relied upon as comprising a complete report or analysis. Neither the facts presented nor the opinion expressed constitute representations by us.

NOVEMBER, 1944

NASH • KELVINATOR
NK
CORPORATION

NASH-KELVINATOR

ANNUAL REPORT
1945
YEAR ENDED SEPTEMBER 30th

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NASH-KELVINATOR CORPORATION

Directors

Charles W. Nash
Chairman of the Board
Beverly Hills, California

George W. Mason
President
Detroit, Michigan

Percy J. Ebbott
Vice-President, Chase National Bank
New York City

Harold G. Perkins
Vice-President
Detroit, Michigan

Harlan T. Pierpont
Trustee and Vice-President,
Worcester Mechanics Savings Bank
Worcester, Massachusetts

Ernest Stauffen, Jr
Director, Chairman of Trust Committee,
Manufacturers Trust Company
New York City

James T. Wilson
Chairman of the Board,
First National Bank of Kenosha
Kenosha, Wisconsin

Officers

Chairman of the Board	Charles W. Nash
President	George W. Mason
Vice-President in charge of Manufacturing	Ray A. DeVlieg
Vice-President	Howard A. Lewis
Vice-President	Harold G. Perkins
Vice-President	Albert M. Wibel
Vice-President in charge of Nash Sales	Henry C. Doss
Vice-President in charge of Kelvinator Sales	Charles T. Lawson
Vice-President, Engineering, Nash Division	N. Erik Wahlberg
Treasurer	Godfrey Strelinger
Secretary	Horace J. Mellum
Comptroller	Jack J. Timpy

Independent Auditors

Ernst & Ernst . Certified Public Accountants . Detroit

Stock Transfer Agents

Manufacturers Trust Company
55 Broad Street, New York City

Old Colony Trust Company
45 Milk Street, Boston, Mass.

Registrars

Chase National Bank
11 Broad Street, New York City

First National Bank of Boston
45 Milk Street, Boston, Mass.

Dividend Disbursing Agent

Manufacturers Trust Company . 55 Broad Street, New York City

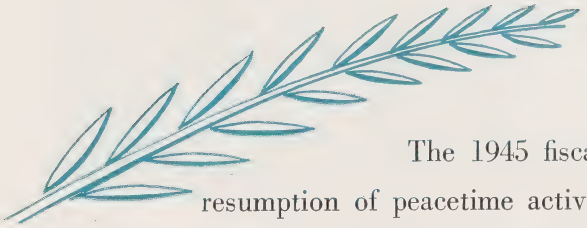
Administrative Offices:

14250 Plymouth Road
Detroit, Michigan

Plant Cities:

Kenosha and Milwaukee, Wisconsin
Detroit and Grand Rapids, Michigan

TO THE STOCKHOLDERS

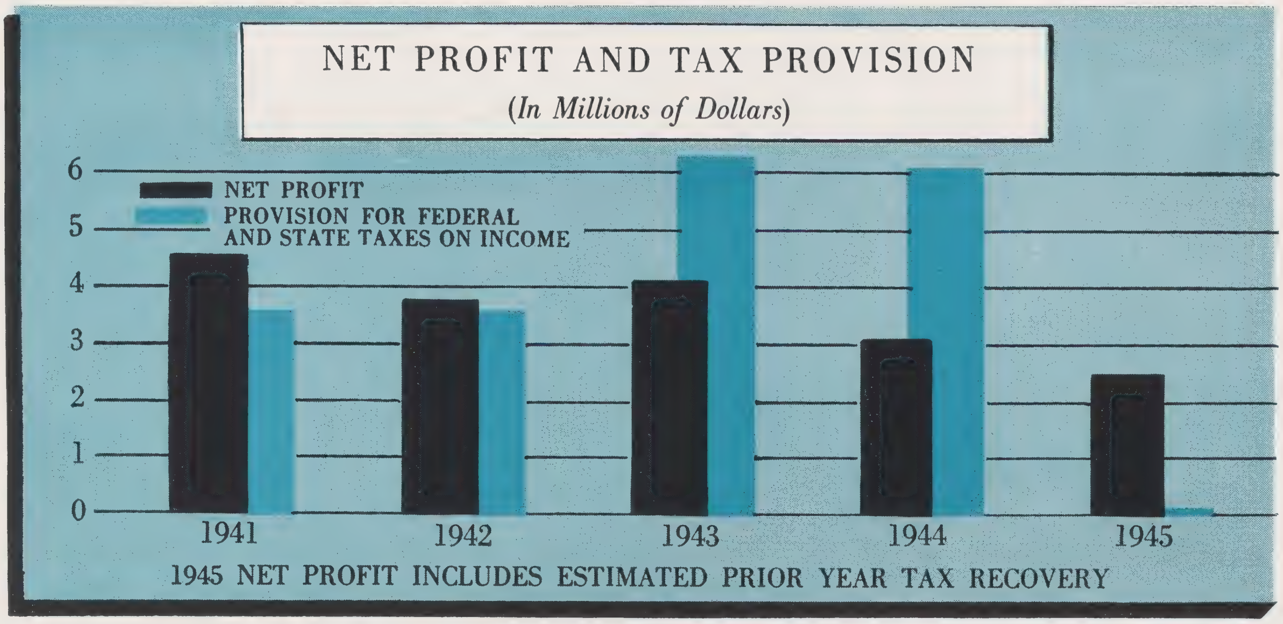


The 1945 fiscal year, which saw the end of the war and the resumption of peacetime activity, was one of uncertainty and sudden change. Military production first tapered off, then was cut back sharply and was finally terminated abruptly. Production, which at the beginning of the year was running at the dollar volume rate of around $265,000,000 annually, decreased to an annual rate of $133,000,000 in July, and tapered off virtually to nothing in August.

While gross income naturally followed this same downward trend, the year closed on a note of high expectancy for the future. As it ended, the plants of the Corporation were being made ready for peacetime production and some feeder and assembly lines were already moving.

For the fiscal year ended September 30, 1945, the Corporation's net profit after tax adjustment was $2,492,638.50, as compared with $3,065,290.18 for the previous year. Net sales for the year were $183,050,533.28 against $274,436,332.93 for 1944.

The decrease in profits is wholly attributable to war contract cutbacks and cancellation and the burden of initial reconversion. Net profit was not decreased comparably because of the carry-back provision of the Revenue Act, which permits a certain equalizing of excess profits taxes. Under this provision a

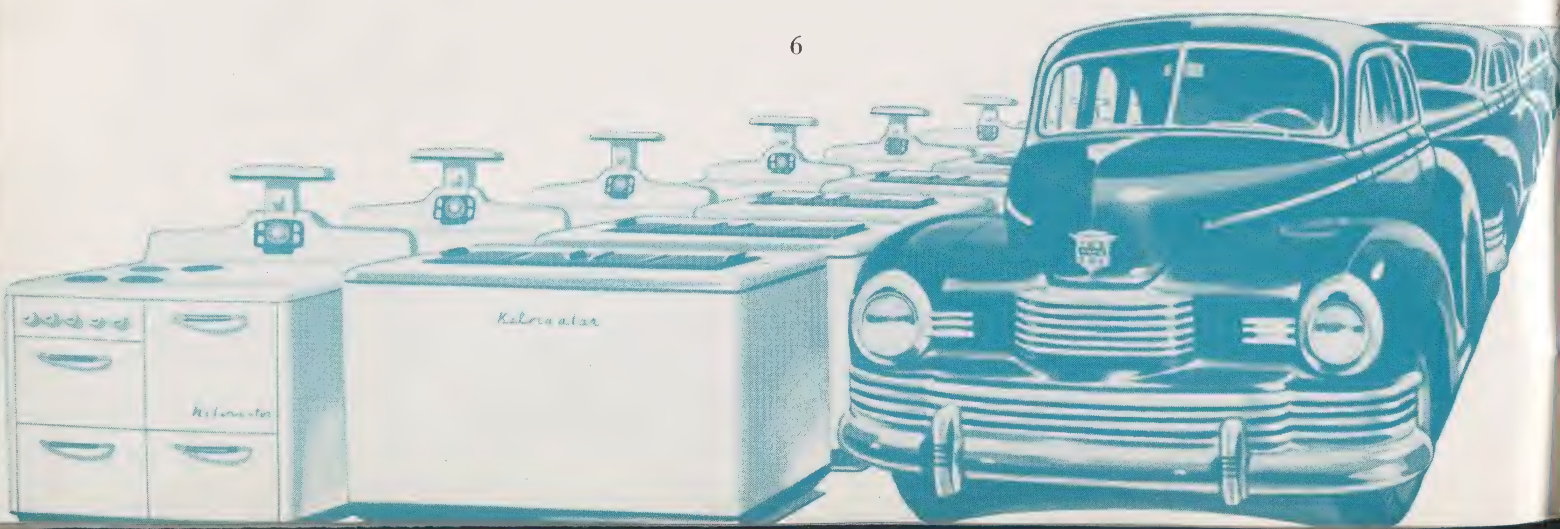


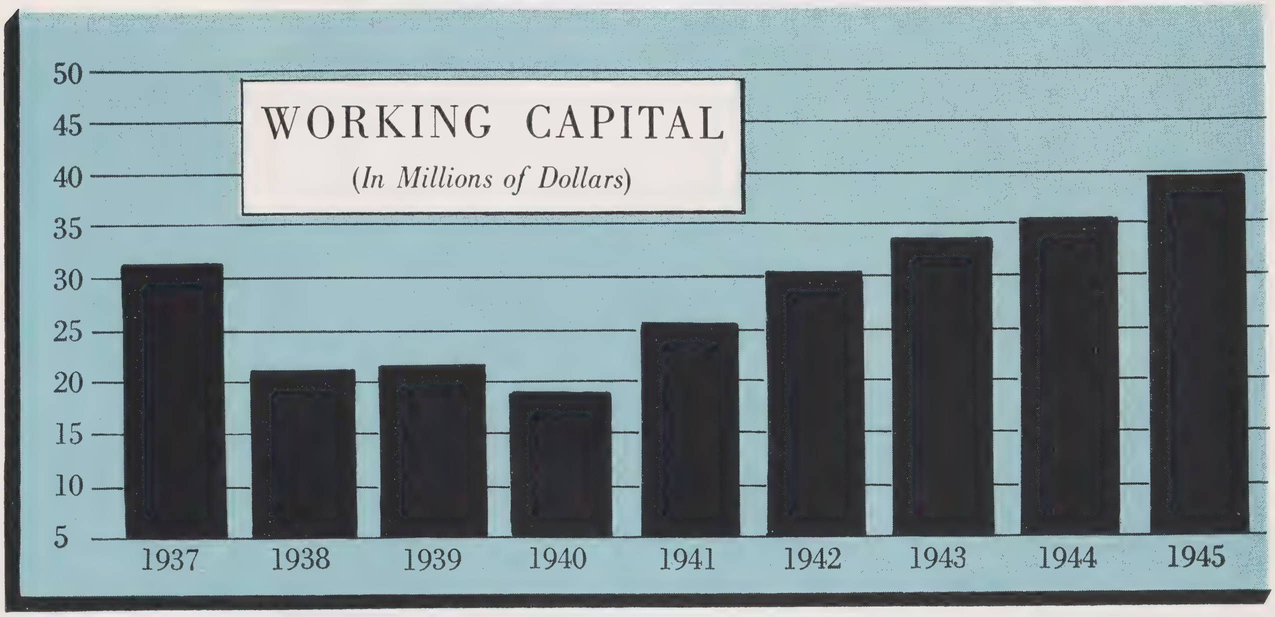
prior year tax recovery of $1,245,000 was included in current net profit.

Throughout the period of war production, every effort was made to deliver war goods at the lowest possible prices to the Government, and in all cases delivered prices were substantially less than original contract prices. Because the Corporation placed profit in a position decidedly secondary to fulfillment of war production requirements, net profit dropped from 3.8 per cent of sales in 1941 to 1.4 per cent in 1945.

Data on renegotiation for the fiscal year which ended September 30, 1945, has not yet been filed, but no provision for refund is believed to be required, since profits on war contracts for the year were not excessive. Renegotiation has been completed for all previous years and the Corporation derives great satisfaction from the fact that its wartime policies have made it unnecessary for the Government to require the refund of any portion of earnings.

The Corporation at the close of the fiscal year had completely retired all loans under its $75,000,000 VT bank credit agreement. In December, 1944, the Corporation arranged a long-term, low-interest loan of $16,000,000 for expansion of plants and facilities and to increase its working capital in preparation for reconversion. The loan is repayable at the rate of





$2,000,000 a year, beginning January 31, 1946.

From the physical viewpoint, reconversion of Nash-Kelvinator plants from war to peace was undertaken with all possible speed, and considerable progress was made before the end of the fiscal year. Much also has been accomplished during the early days of the new fiscal year, but production has been seriously affected by parts and material shortages resulting largely from labor difficulties in supplier plants. Moreover, there was no existing inventory of parts and materials, the creation of which is essential to efficient volume production.

These factors, coupled with others, tend to set back progress toward full peacetime production. Manufacturing schedules which could have been met in September or October by Nash and Kelvinator plants, had supplies been available, have been delayed. These shortages, affecting much of American industry, particularly in the durable goods field, have gravely hampered the nation's reconversion program.

First Nash automobile shipments were made from Kenosha late in October. Kelvinator and Leonard appliance production began within 45 days of the war's end, and first shipments were made in early October. The Corporation confidently looks forward to the day when it will have an annual production of 250,000 automobiles and 1,100,000 home appliances. The reach-

ing of these new all-time peaks is contingent on the availability of materials and on other factors, unpredictable at the present.

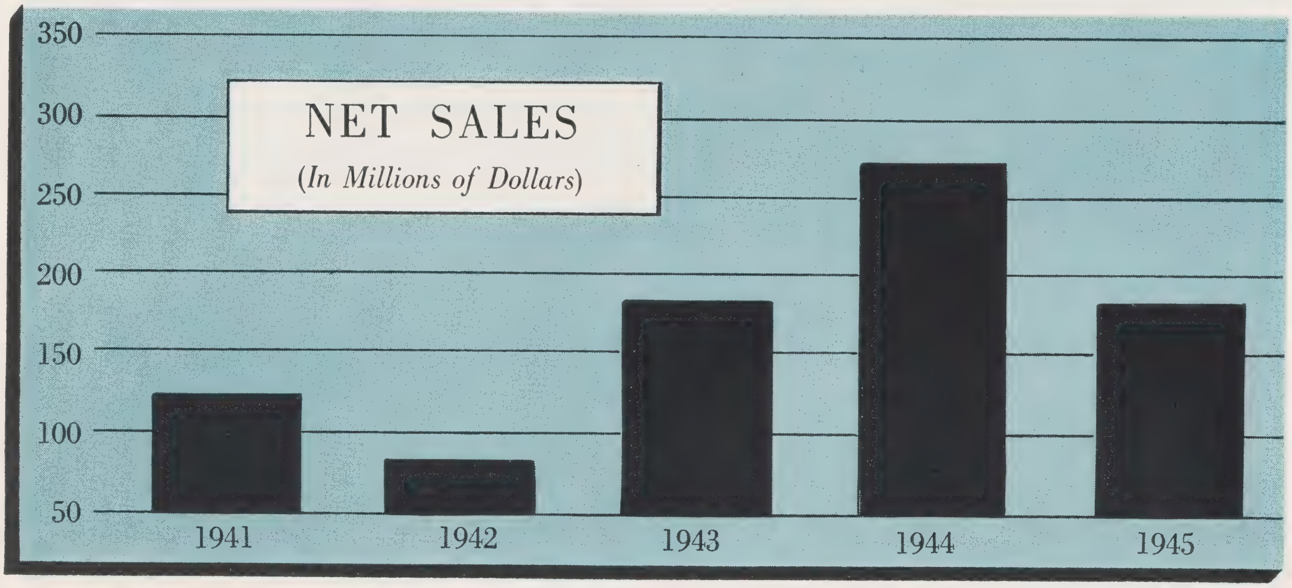
PRODUCTION AND FACILITIES

As the fiscal year drew to a close, some subassemblies and component parts of the Corporation's products began to flow, although the reconversion job had not been completed.

Nash and Kelvinator plants are in an advantageous position to meet enlarged production plans because of two important factors: Both divisions immediately before the war already had modernized equipment and retooled to attain their highest production records of all time. Since the end of the war, numerous changes in production methods, material handling and shipping have been introduced to increase the capacities of existing facilities.

During the fiscal year, $2,589,237.16 was expended for additions to machinery, equipment and other facilities in order to prepare for peacetime production. An additional appropriation of $7,500,000 (as shown in the balance sheet) has been made for further expansion of plants and facilities, bringing to more than $10,000,000 the expenditures that are being made under the Corporation's program.

To expedite volume production during the period when supply difficulties exist, output of both automobiles and home appliances is being concentrated on a reduced number of models.



About 70 per cent of Nash production will be devoted to the popular-priced "600" series. The remainder of output will be of the larger, medium-priced Ambassador series. The appliance divisions will build, at the beginning, three models of seven-cubic-foot refrigerators and one nine-foot refrigerator in both the Kelvinator and Leonard lines, as well as three models of electric ranges in each line. Kelvinator also will produce a full line of beverage coolers and ice cream cabinets. Early in the new year, the appliance divisions will actively enter the home freezer field. In addition, production of commercial refrigeration units is expected to be far above all previous levels, with the Corporation extending its activities aggressively in that field.

RESEARCH AND ENGINEERING

At the conclusion of the war, the Corporation's physicists, chemists, metallurgists and other engineers again turned their attention to automotive and electric appliance research and product development.

The Kelvinator and Leonard Divisions are substantially increasing their laboratory facilities devoted to refrigeration, paint and plastics, electrical, chemical and metallurgical work. Engineering and technical staffs are being enlarged and the entire engineering division is being strengthened departmentally so groups of specialists may devote full time to tasks they are best suited to handle.

Nash Motors' engineering facilities are being greatly increased. The engineering department's floor space and staffs at the Kenosha plant are being nearly doubled over 1942. New dynamometer equipment, cold rooms and other

facilities for product testing are being installed and the new proving grounds near Kenosha have been prepared for rigorous postwar use. The grounds cover 200 acres of the widely varied topography required for exhaustive tests of automotive design and construction. In fact, the terrain is so diversified that cars may be tested under almost every kind of driving and road condition.

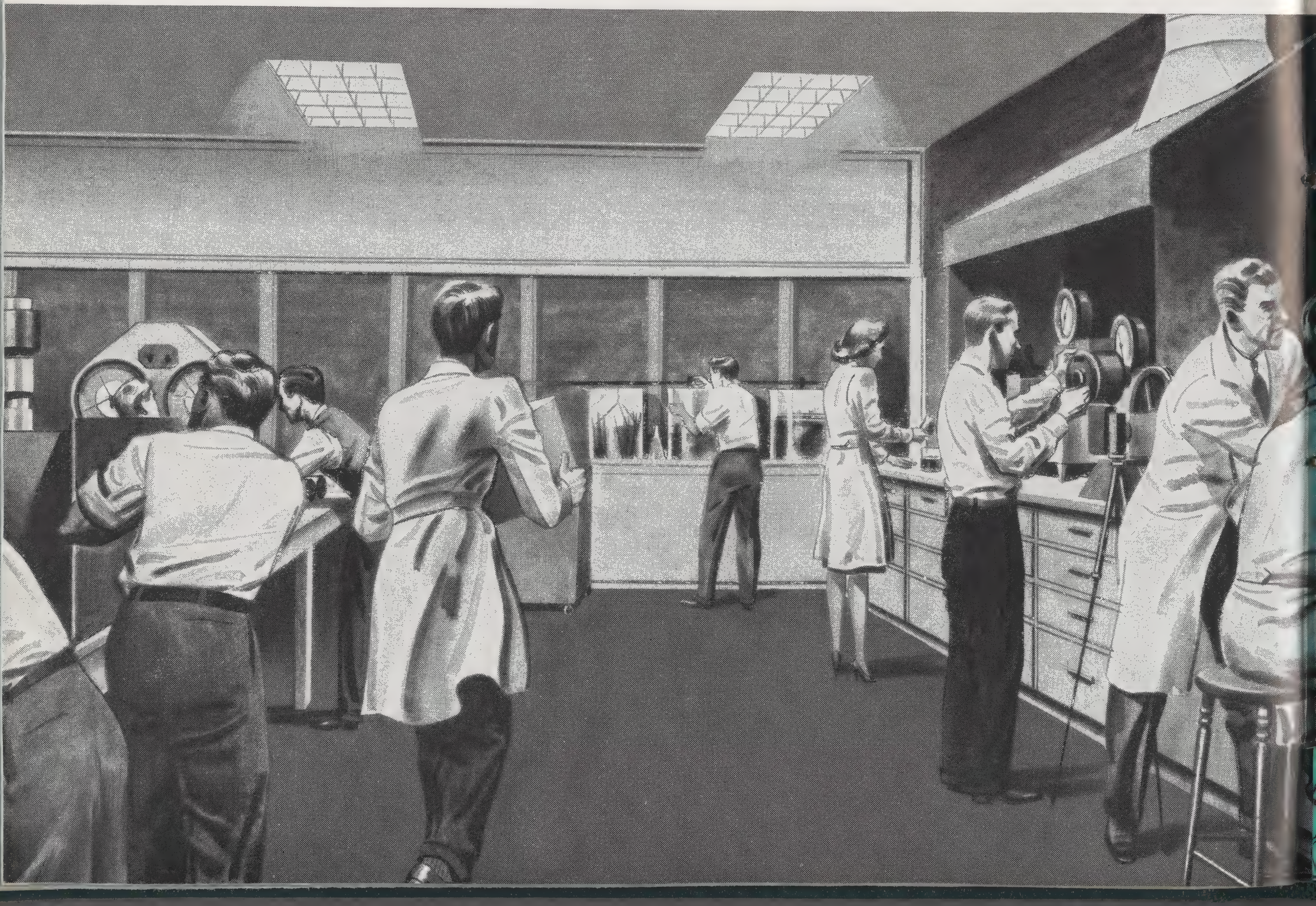
In Detroit, a new research and advanced development department is being established for all divisions of the Corporation. Activities of the new department will include advanced mechanical design and styling. Equipped with the most modern machine shop and laboratory testing facilities, its purpose is to provide basic research in the fields covered by all of the Corporation's products.

SALES AND DISTRIBUTION

In all its divisions, the Corporation has fully developed the organization and modern techniques required to provide sound and efficient distribution of products to consumers.

After three years of survey and study, Nash Motors Division developed a new sales and distribution program with the objective of gaining and holding greatly increased car sales. It establishes a selected number of large volume dealers centrally located in all key market areas, and provides for improved service to owners.

Postwar dealerships are being located on principal streets, and their facilities are expected to be of the most advanced layout and design. All dealerships are required by a new dealer



franchise agreement to meet specific qualifications of the highest standards.

The effectiveness of Kelvinator and Leonard distribution policies instituted early in 1940 was demonstrated in the short period that elapsed before the coming of war. The keynote of the policy which helped bring quadrupled sales by the end of 1941 was "a dealer for every market and a market for every dealer." During the 1945 fiscal year, a careful process of remobilizing dealer and distributor strength was begun.

FOREIGN MARKETS

An unexpectedly large number of prewar Nash distributors overseas have survived the war years, and they are eager to resume the sale and service of Nash products. Technical and other assistance will be extended to distributors in developing assembly plants in countries where such operations will provide savings in duty, freight and insurance. Construction of a new automobile assembly plant near Mexico City has been started and will be in operation within the next few months. This plant, not financed or owned by the Corporation, will be supplied with parts and subassemblies, and the organization will function as a distributorship.

In the foreign countries occupied by the enemy during the war, Kelvinator and Leonard distributing organizations and refrigeration services in many instances have remained intact. The export organization of the Division has been active in rebuilding distribution strength in these and other foreign markets and full preparations are being made for increased export sales volume.

SUBSIDIARIES

Ranco, Inc., Columbus, Ohio, a Nash-Kelvinator subsidiary, has resumed output of its prewar products, thermostats for electrical refrigeration and heater controls for automobiles. During the war, Ranco was one of the world's largest producers of binoculars. It also manufactured thermo switches, pressure gages, altitude controls and other aircraft instruments.

As of the close of the fiscal year, the Corporation purchased Kelvinator, Ltd., of England from Kelvinator of Canada, Ltd. The purchase permits expansion of the British company, and strengthens the net working capital of the Corporation's Canadian subsidiary. During the war the English subsidiary manufactured commercial refrigerator units and a variety of ordnance items for the exclusive use of British armed forces.

During the war, and for a short time before, Kelvinator of Canada, Ltd., manufactured machine gun magazines for both the Canadian and British governments, and commercial refrigerator units for Canadian military purposes. The subsidiary is continuing production of commercial refrigerators and preparing for the resumption of household refrigerator manufacturing.

Nash Motors of Canada, Ltd., Canadian automobile subsidiary of the Corporation, has provided for an increased number of new dealerships and has expanded its postwar sales and service programs.

In July, 1945, Nash-Kelvinator disposed of

its interest in Electromaster, Inc., primarily for the reason that the Corporation manufactures its own electric ranges in its Grand Rapids plant. The profit on this transaction and the dividends received represent a return of 7.5% a year on the original investments made in April, 1937.

ADVERTISING AND PROMOTION

At the beginning of the war, national advertising, designed to build the prestige of the organization during a period in which there was nothing to sell, was devoted to support of the nation's war effort and the story of the Corporation's contributions to that effort.

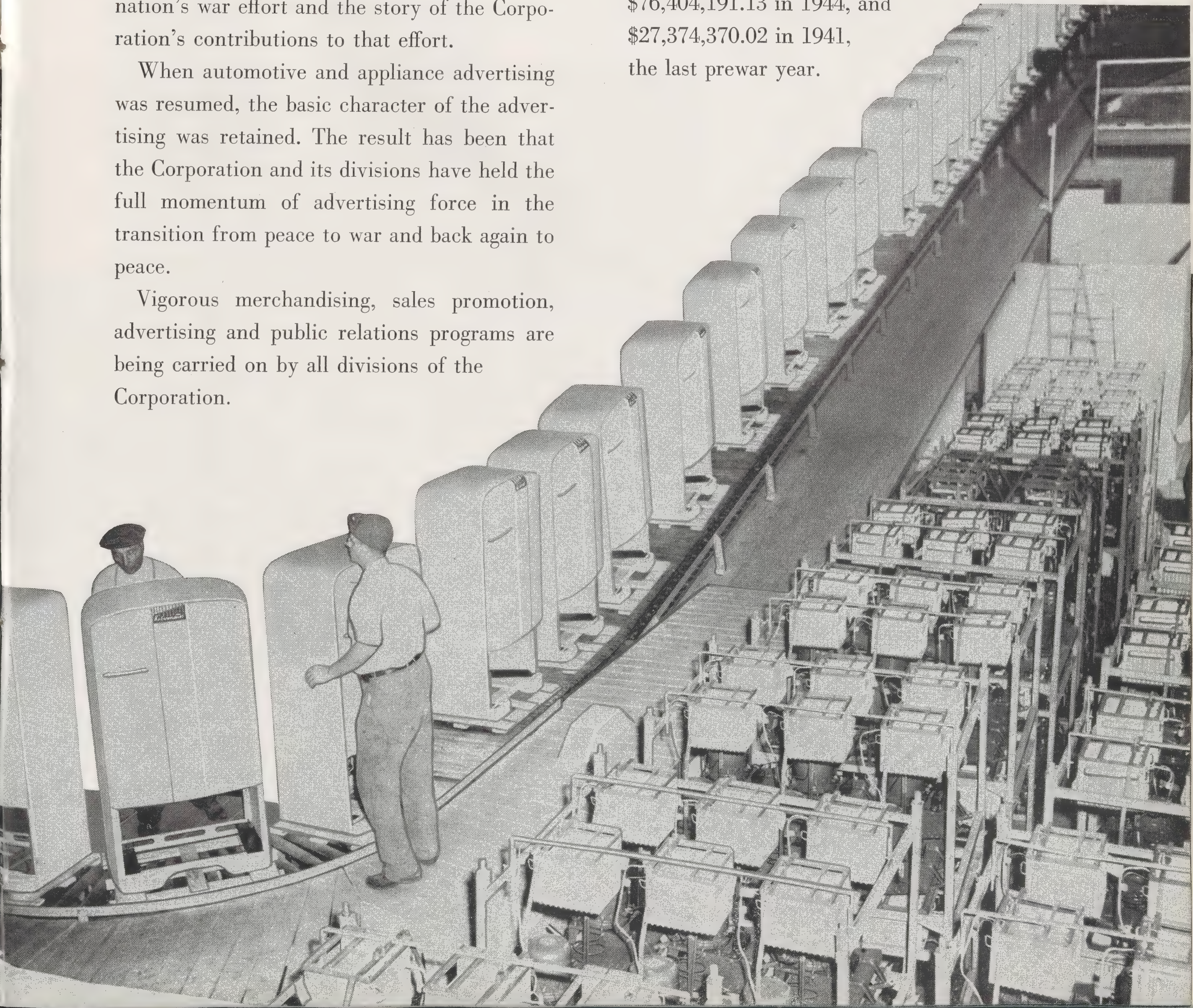
When automotive and appliance advertising was resumed, the basic character of the advertising was retained. The result has been that the Corporation and its divisions have held the full momentum of advertising force in the transition from peace to war and back again to peace.

Vigorous merchandising, sales promotion, advertising and public relations programs are being carried on by all divisions of the Corporation.

PERSONNEL

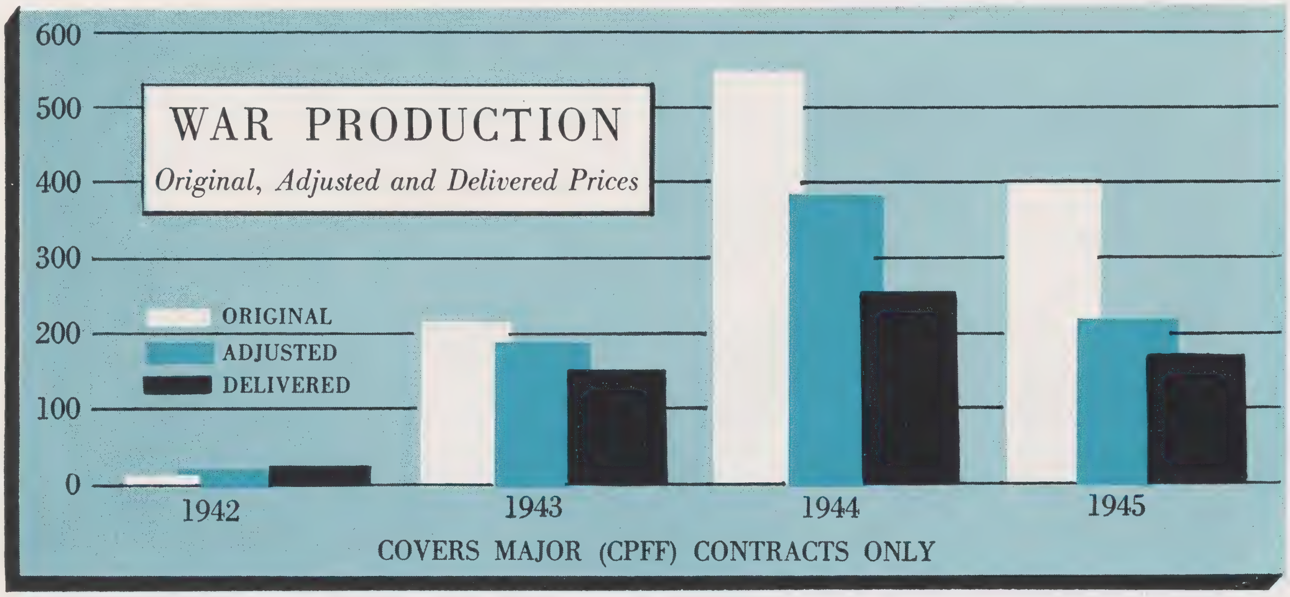
The transition from war to peacetime operations was accomplished in such a way as to keep the bulk of the Corporation's normal prewar number of employees on the job. Ninety days after the end of the war, the total number of employees was approximately equal to the average prewar level. As a result, the impact of reconversion unemployment was held to a minimum in all Nash and Kelvinator plants.

Total wages and salaries paid during the fiscal year were $56,454,345.36, as compared with $76,404,191.13 in 1944, and $27,374,370.02 in 1941, the last prewar year.



The emphasis on war bond investments continued in 1945. From January, 1942, through September, 1945, employees purchased bonds with a maturity value of $25,955,500.

The Corporation's safety program continued at high standards despite abnormally large transfer of workers to new jobs when war contracts were cut back, and the accident rate in Nash and Kelvinator plants remained considerably lower than the national industrial average.



Employment in Nash-Kelvinator plants is expected to reach new high peacetime levels as promising postwar markets materialize.

WAR PRODUCTION RESUME

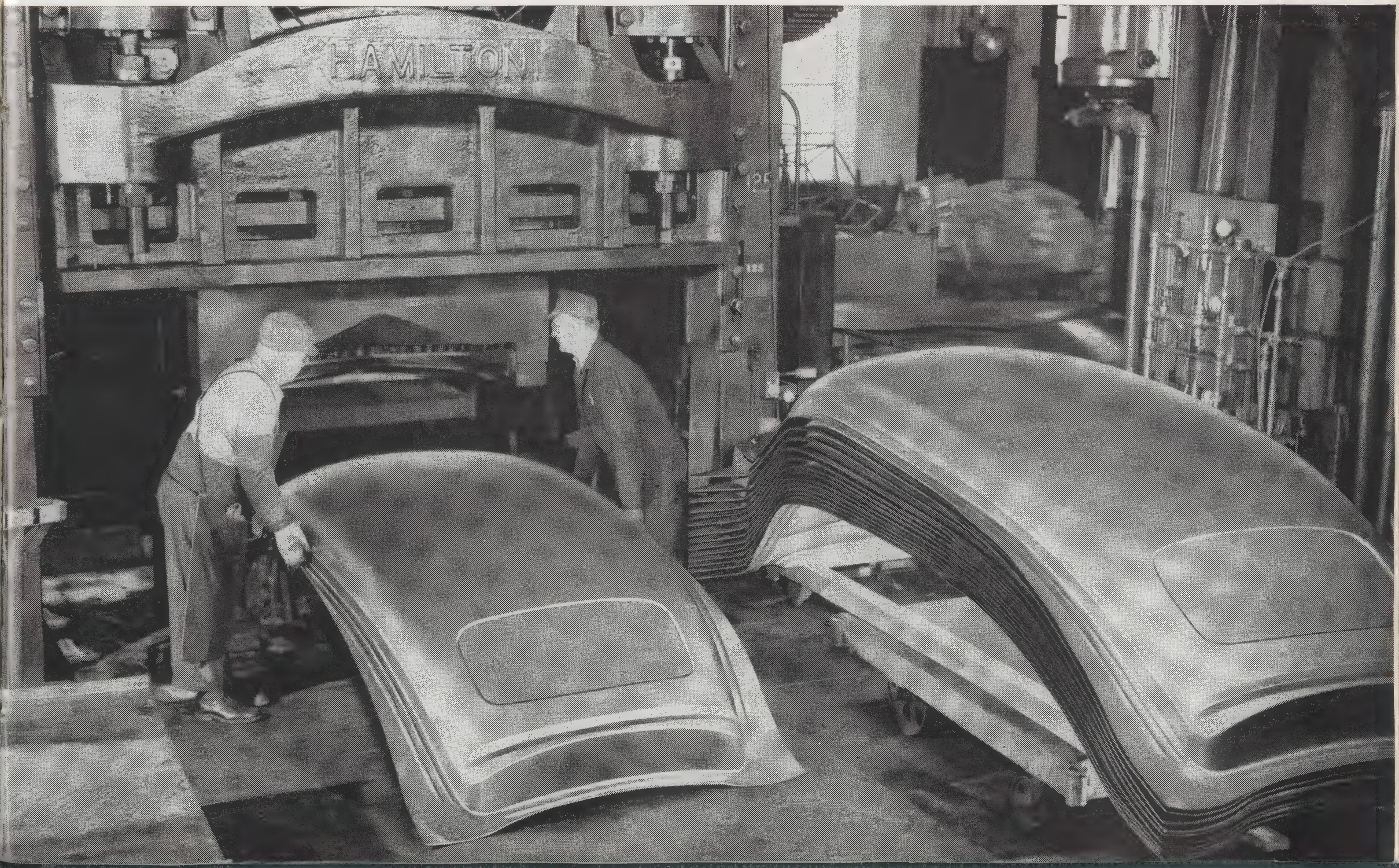
The Corporation's war production at original contract prices exceeded $1,000,000,000, but was delivered for $672,026,646, as the result of production efficiencies and the Corporation's policy of producing its war goods at the lowest possible cost to the Government. The Corporation built and delivered 158,134 Hamilton Standard hydromatic propellers, 16,987 Pratt and Whitney 2000 horsepower aircraft engines, 290,262 propeller governors, 654,153 bomb fuses, 219 Sikorsky helicopters, 204,016 rocket motors, 44,628 transport trailers and many other items of war material, such as parts for jeeps, tanks, trucks, ships and submarines.

To fulfill its obligations to the Government, Nash-Kelvinator turned far from automobiles and home appliances to enter production fields wholly foreign to it in time of peace. At the same time, the production required was at a rate four times that of the Corporation's prewar average annual dollar volume. Changes of major proportion in all Nash and Kelvinator plants were necessary before production of war materials could get under way. These changes were accomplished with a speed in keeping with the urgency of the task.

Two Government-owned factories in Lansing were converted and operated by the Corporation for the production of propellers. Within three months after the Jap attack, the first carload of Hamilton Standard propellers had been shipped and in twenty months the Corporation was one of the world's largest propeller manufacturers. Large scale production of new four-bladed propellers was started during the fiscal year, giving increased speed and carrying capacity to Navy Corsair and Hellcat fighters.

CONCLUSION

As the fiscal year closed, the Corporation was looking forward to what is expected to be one of the most important periods of its history. Although hampered, as industry in general, by supplier strikes, material shortages, product price uncertainties and many other impediments to early production, the Corporation is preparing to participate aggressively in the active markets ahead. As to the nature of consumer demand built up by increased buying power and war-imposed restrictions on production, it has been estimated by various economists that that demand may reach record-breaking proportions during the next five years. For example, appliance industry estimates suggest a possible demand for 18,000,000 new refrigerators in the 1945-1950 period. Automobile industry estimates indicate a market for 25,500,000 new automobiles during the same period. Although such demand would obviously not be constant during each of the years, the estimates suggest an average yearly demand for 5,100,000 new cars and 3,600,000 new refrigerators by consumers.



The materializing of such markets will offer the Corporation and its dealers an unequaled opportunity for the resumption and development of the vigorous sales and production programs it had launched successfully just before the war. Kelvinator sales had quadrupled during the 1939-1941 period, and the Nash program, under way little more than a year when it also was halted by the war, brought Nash the highest rate of sales gain in the automobile industry. The Corporation is geared from the standpoint of both manufacturing facilities and sales organization to take alert and aggressive advantage of the market potentialities.

Finally, it should be pointed out that the prices of automobiles and refrigerators are closely related to wages and that cost of production must in the long run determine selling prices if the country is to enjoy prosperity and the American standard of living for all is to remain the highest in the world.

G. W. Mason.

GEORGE W. MASON,
President

By order of the Board of Directors.

ANNUAL MEETING

The next annual meeting of stockholders will be held February 6, 1946, at the office of the Corporation, at Room 1654, No. 10 Light Street, Baltimore, Maryland, at 11:00 o'clock A.M.

On or about January 7, 1946, your Registrar, the Manufacturers Trust Company, New York, will mail proxies to those stockholders unable to attend the meeting. You are asked to fill in and return these proxies at your earliest convenience. This action on the part of stockholders in promptly returning proxies will save the Corporation the considerable expense otherwise involved in follow-up needed to secure them.

1946
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1946

NASH AUTOMOBILES • KELVINATOR AND LEONARD APPLIANCES

ERNST & ERNST

DETROIT

November 28, 1945

Board of Directors,
Nash-Kelvinator Corporation,
Detroit, Michigan.

We have examined the consolidated balance sheet of Nash-Kelvinator Corporation and consolidated subsidiaries as of September 30, 1945, and the consolidated statements of profit and loss and surplus for the year then ended, have reviewed the systems of internal control and the accounting procedures of the companies and, without making a detailed audit of the transactions, have examined or tested accounting records of the companies and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

In our opinion, the accompanying balance sheet and related statements of profit and loss and surplus present fairly the consolidated position of Nash-Kelvinator Corporation and its consolidated subsidiaries at September 30, 1945, and the consolidated results of their operations for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Ernst & Ernst

Certified Public Accountants

CONSOLIDATED PROFIT AND LOSS STATEMENT

Nash-Kelvinator Corporation and Subsidiaries

Year ended September 30, 1945

Net sales, including billable costs and fees on cost-plus-fixed-fee contracts		$183,050,533.28
Other income:		
Dividends received from unconsolidated subsidiaries	$ 266,375.79	
Interest on United States Government securities	528,586.96	
Profit on sale of United States Government securities	152,737.34	
Profit on sale of stock of Electromaster, Incorporated	221,188.15	
Sundry other income	185,856.51	
Warranty reserve no longer required	141,818.52	
Portion of reserve for reconversion expenses returned to income—equal to reconversion costs ($2,234,389.30) included in costs and expenses for the year, less applicable reduction in federal taxes ($1,854,543.12)	379,846.18	1,876,409.45
		$184,926,942.73
Less:		
Cost of products sold	$172,922,082.93	
Selling, advertising, and administrative expenses	9,489,354.92	
Interest and commitment fees on loans	944,208.70	
Cost of contract rights repurchased	102,484.55	
Sundry income deductions	136,173.13	
Federal ($60,000.00) and state ($25,000.00) taxes on income (no federal excess profits tax)—estimated	85,000.00	183,679,304.23
		$ 1,247,638.50
Recovery of prior years' federal excess profits tax resulting from carry-back of unused excess profits credit—estimated		1,245,000.00
	NET PROFIT	$ 2,492,638.50

Provision for depreciation in the amount of $1,113,554.75 has been deducted in the above statement.

Proceedings under the Renegotiation Act for all years to and including the year ended September 30, 1944, have been completed and no refund of profits was required. Renegotiation data for the year ended September 30, 1945, has not yet been filed and no determination of the amount, if any, which may be refundable is possible at this time; however, the profits on war contracts for the year are considered to be not excessive and no provision for refund is believed to be required.

The Corporation's share for the year of net profits, less dividends, of unconsolidated subsidiaries, which has not been reflected herein, amounted to $196,643.89 for domestic subsidiaries and to approximately $26,000.00 for foreign subsidiaries.

CONSOLIDATED BALANCE SHEET

CURRENT ASSETS			
Cash		$10,987,553.19	
United States Government securities, at cost plus accrued interest (aggregate quoted market price $25,674,132.62)		25,173,507.62	
		$36,161,060.81	
Less unexpended balance of amounts appropriated for plant expansion, included with property, plant, and equipment		7,500,000.00	$28,661,060.81
United States War Savings Bonds for sale to employees			97,408.25
Accounts receivable, including billings on cost-plus-fixed-fee contracts (terminated), less reserve of $41,250.03			6,133,167.74
Accounts receivable from unconsolidated subsidiaries			6,583.10
Unbilled costs and fees on cost-plus-fixed-fee contracts (terminated)			10,126,058.07
Inventories at lower of cost (first-in, first-out) or market			5,938,608.81
Refunds of federal excess profits taxes of prior years—estimated			1,871,498.73
TOTAL CURRENT ASSETS			$52,834,385.51
INVESTMENTS AND OTHER ASSETS			
Investments in subsidiaries not consolidated, at cost—Note A:			
Domestic subsidiaries:			
Refrigeration Discount Corporation—wholly-owned		$ 3,000,000.00	
Ranco, Incorporated—not wholly-owned		276,874.40	
Foreign subsidiaries:			
Kelvinator, Limited, England—wholly-owned		450,000.00	
Kelvinator of Canada, Limited—not wholly-owned		65,942.40	
		$ 3,792,816.80	
Cash surrender value of life insurance		289,380.00	
Employees' traveling advances and accounts		28,184.46	
Miscellaneous investments and accounts, less reserve of $21,312.37		202,842.11	4,313,223.37
PROPERTY, PLANT, AND EQUIPMENT—at cost			
Land		$ 1,472,033.10	
Buildings, equipment, and dies	$24,341,210.85		
Less reserves for depreciation	11,990,171.59	12,351,039.26	
Cash and securities appropriated for plant expansion		7,500,000.00	21,323,072.36
PATENTS AND GOOD WILL			2.00
DEFERRED CHARGES			
Prepaid taxes, insurance, advertising, and other expenses			526,462.53
			$78,997,145.77

Note A—The Corporation's share of undistributed profits of unconsolidated subsidiaries from dates of acquisition amounts to $993,357.29 for domestic subsidiaries and to approximately $820,000.00 for foreign subsidiaries.

Nash-Kelvinator Corporation and Subsidiaries

September 30, 1945

CURRENT LIABILITIES			
Notes payable to banks, due January 31, 1946—Note B			$ 2,000,000.00
Accounts payable:			
Trade accounts		$ 7,335,043.78	
Pay rolls, pay roll taxes, and deposits of employees		1,856,778.07	
To domestic subsidiary, not consolidated		30,444.16	
Miscellaneous		257,830.23	9,480,096.24
Accrued expenses			446,225.56
Federal and state taxes on income—estimated			1,158,380.51
Reserve for reconversion of plants and re-establishment of civilian business			820,153.82
TOTAL CURRENT LIABILITIES			$13,904,856.13
NOTES PAYABLE TO BANKS—Note B			14,000,000.00
RESERVES			
For five-year warranty on refrigerators		$ 1,642,581.33	
For operating requirements		9,120.90	
For contingencies		1,000,000.00	2,651,702.23
CAPITAL STOCK AND SURPLUS			
Capital stock, par value $5.00 per share:			
Authorized	5,000,000 shares		
Issued	4,375,600 shares	$21,878,000.00	
In treasury, of which 50,000 shares are reserved for existing stock purchase option at $5.00 per share	84,490 shares	422,450.00	
Outstanding	4,291,110 shares	$21,455,550.00	
Surplus (restricted in the amount of $422,450.00 representing the par value of shares held in treasury):			
Capital surplus		6,438,441.36	
Earned surplus		20,546,596.05	48,440,587.41
CONTINGENT LIABILITIES			
As endorser of installment contracts discounted with Refrigeration Discount Corporation; under an agreement with the same company to repurchase any repossessed products at the unpaid balance; to pay to the same company 25% of the unpaid balance on certain retail contracts in case of repossession by the discounting dealers			
			$78,997,145.77

Note B—Notes payable to banks are due in eight annual installments of $2,000,000.00 each, under a credit agreement, dated December 26, 1944, which requires the Corporation to maintain net current assets of at least $25,000,000.00.

No loans are outstanding under another bank credit agreement providing for VT loans and the Corporation has notified the banks that such agreement will be terminated as of December 10, 1945.

CONSOLIDATED STATEMENT OF SURPLUS

Nash-Kelvinator Corporation and Subsidiaries

Year ended September 30, 1945

CAPITAL SURPLUS		
Balance at October 1, 1944, and September 30, 1945		$ 6,438,441.36
EARNED SURPLUS		
Balance at October 1, 1944		$20,227,375.76
Net profit for the year		2,492,638.50
		$22,720,014.26
Cash dividends paid—$0.50 per share	$ 2,145,793.48	
Wisconsin privilege dividend tax paid for stockholders	27,624.73	2,173,418.21
Balance at September 30, 1945		$20,546,596.05

Surplus is restricted in the amount of $422,450.00 representing the par value of capital stock held in the treasury.

CONSOLIDATED BALANCE SHEET

Refrigeration Discount Corporation and Subsidiary

September 30, 1945

ASSETS

Cash		$ 1,331,399.59
United States Treasury notes, due September 15, 1947, at cost plus accrued interest (quoted market price $12,052,500.00)—Note A		12,006,120.00
Contracts, notes, and accounts receivable—Note B:		
Household appliances, refrigeration equipment, and automobiles	$ 2,292,511.16	
Other contracts and advances, including loans against accounts receivable, plant facilities, etc.	776,503.96	
	$ 3,069,015.12	
Less: Unearned discount and service charges	$ 179,574.22	
Reserve for losses	359,035.27	
	$ 538,609.49	2,530,405.63
Refunds of federal excess profits taxes of prior years—estimated		70,906.90
Other assets:		
Employees' advances and miscellaneous deposits	$ 1,265.84	
Miscellaneous accounts receivable	1,059.41	2,325.25
Furniture and fixtures—at cost less reserve of $42,001.51 for depreciation		14,723.80
Prepaid interest and insurance		765.68
		$15,956,646.85

LIABILITIES

Notes payable due within one year—Notes A and B			$12,300,000.00
Accounts payable:			
To Nash-Kelvinator Corporation		$ 645.15	
For state, local, and pay roll taxes and current expenses		10,939.88	11,585.03
Federal taxes on income—estimated			110,934.58
Amounts withheld on contracts purchased			177,269.18
Capital stock and surplus:			
Preferred stock, par value $100.00 per share:			
Authorized and issued	15,000 shares	$ 1,500,000.00	
Less redeemed	15,000 shares	1,500,000.00	
Common stock, par value $100.00 per share:			
Authorized	40,000 shares		
Issued and outstanding	32,000 shares	$ 3,200,000.00	
Earned surplus		156,858.06	3,356,858.06
			$15,956,646.85

Note A—United States Treasury notes are pledged as collateral to notes payable of $12,000,000.00.

Note B—Contracts, notes, and accounts receivable are held by a trustee pursuant to a resolution of the Board of Directors dated April 27, 1944, as collateral security for all notes payable of the Corporation.

Board of Directors,
Refrigeration Discount Corporation,
Detroit, Michigan.

We have examined the consolidated balance sheet of Refrigeration Discount Corporation and subsidiary as of September 30, 1945, and the consolidated statements of income and earned surplus for the year then ended, have reviewed the systems of internal control and the accounting procedures of the companies and, without making a detailed audit of the transactions, have examined or tested accounting records of the companies and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

In our opinion, the accompanying balance sheet presents fairly the consolidated position of Refrigeration Discount Corporation and subsidiary at September 30, 1945, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ERNST & ERNST
Certified Public Accountants

Detroit, Michigan
November 28, 1945

HISTORICAL HIGHLIGHTS

1901. Thomas B. Jeffery, whose company later became Nash Motors, begins production of famous Rambler automobile.

1912. Rambler name changed to Jeffery.

1914. Kelvinator experiments on first successful household mechanical refrigerator begin.

1915. First Kelvinator mechanical unit completed.

1916. Charles W. Nash resigns presidency of General Motors to purchase Thomas B. Jeffery Company of Kenosha and founds Nash Motors Company (incorporated July 29). Jeffery production continues under Nash name.

1916. Experimental installation of first Kelvinators in homes starts.

1917. Kelvinator develops first successful automatic features and thermostats. First Nash-designed car produced in July; car production for year totals 9,516.

1918. Nash becomes largest producer of trucks in wartime industry. First Kelvinator sold in February; trademark "Kelvinator" granted by U.S. Patent Office, with first interstate shipments.

1919. Nash acquires half interest in Seaman Body of Milwaukee (founded 1846).

1922. Nash introduces first rubber-mounted motor.

1923. Kelvinator accounts for majority of all mechanical refrigerator sales throughout nation; organization becomes worldwide.

1924. First Kelvinator self-contained refrigerator prepared for introduction.

1926. Grand Rapids Refrigerator Company, manufacturer of Leonard refrigerators, founded 1881, purchased by Kelvinator; Nizer Corporation, leader in ice cream cabinet field, merged with Kelvinator; new $3,250,000 Kelvinator plant under construction in Detroit.

1928. Nash production reaches record total of 138,000 units.

1928. George W. Mason becomes chairman of board of Kelvinator.

1934. 1,000,000th Nash produced.

1936. Stockholders of Nash Motors Company and Kelvinator Corporation approve formation of Nash-Kelvinator Corporation, with Charles W. Nash as chairman and George W. Mason as president. Shipments of Kelvinator and Leonard household appliances set new record of more than 265,000 units. Seaman Body wholly acquired by Nash Motors.

1937. First Polarsphere completely-sealed mechanical units introduced by Kelvinator.

1940. Kelvinator launches huge manufacturing and distribution program; model line reduced, prices greatly decreased, quality dealer program instituted. New Nash "600", first completely new low-priced car in decade, comes off production lines.

1940. First war contract undertaken by Corporation calls for 40,000 Army transport trailers.

1941. Nash sales show greatest rate of gain in low and medium-priced car fields. Sales of Kelvinator and Leonard household appliances reach all-time peak of over 500,000 units.

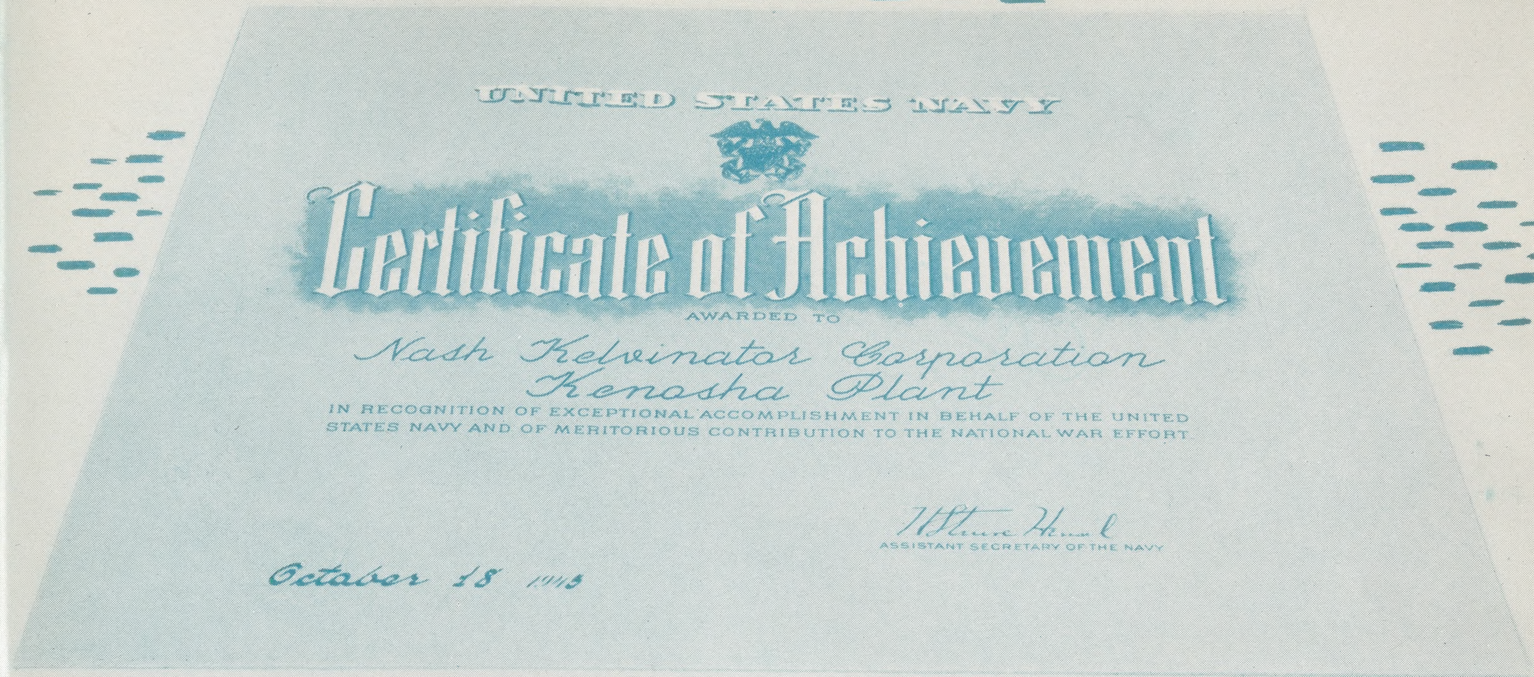
1941. Corporation undertakes first big assignment in aircraft field—construction of Hamilton Standard propellers; preparation for production of Pratt & Whitney aircraft engines begins.

1942. War stops Nash automobile production in January, Kelvinator and Leonard household appliances in April; first aircraft engine shipments made; propeller production reaches mass output stage; contracts for other military items undertaken.

1943. Corporation produces 100,000th propeller, becomes largest propeller producer in world.

1944. First Sikorsky helicopter produced by Nash-Kelvinator for U. S. Army Air Forces.

1945. War production virtually ends in August. Kelvinator and Leonard production resumes in September; first new Nash off lines in October.



UNITED STATES NAVY

Certificate of Achievement

AWARDED TO

Nash Kelvinator Corporation
Kenosha Plant

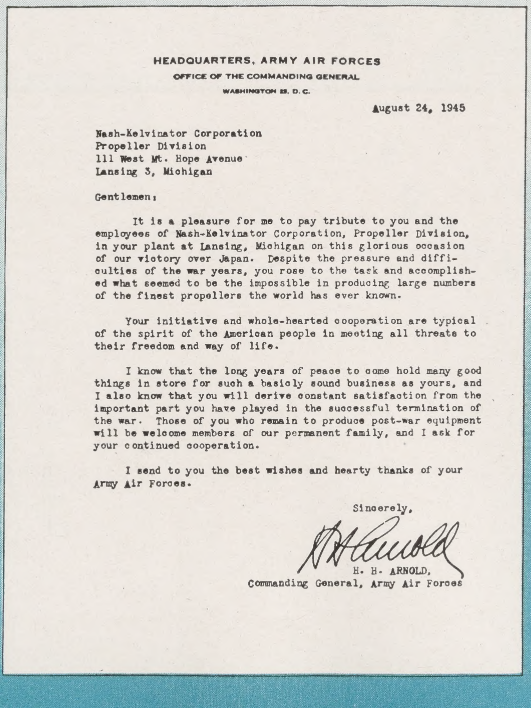
IN RECOGNITION OF EXCEPTIONAL ACCOMPLISHMENT IN BEHALF OF THE UNITED STATES NAVY AND OF MERITORIOUS CONTRIBUTION TO THE NATIONAL WAR EFFORT

ASSISTANT SECRETARY OF THE NAVY

October 18 1945

"You rose to the task and accomplished what seemed to be the impossible"

—GENERAL H. H. ARNOLD



HEADQUARTERS, ARMY AIR FORCES
OFFICE OF THE COMMANDING GENERAL
WASHINGTON 25, D. C.

August 24, 1945

Nash-Kelvinator Corporation
Propeller Division
111 West Mt. Hope Avenue
Lansing 3, Michigan

Gentlemen;

It is a pleasure for me to pay tribute to you and the employees of Nash-Kelvinator Corporation, Propeller Division, in your plant at Lansing, Michigan on this glorious occasion of our victory over Japan. Despite the pressure and difficulties of the war years, you rose to the task and accomplished what seemed to be the impossible in producing large numbers of the finest propellers the world has ever known.

Your initiative and whole-hearted cooperation are typical of the spirit of the American people in meeting all threats to their freedom and way of life.

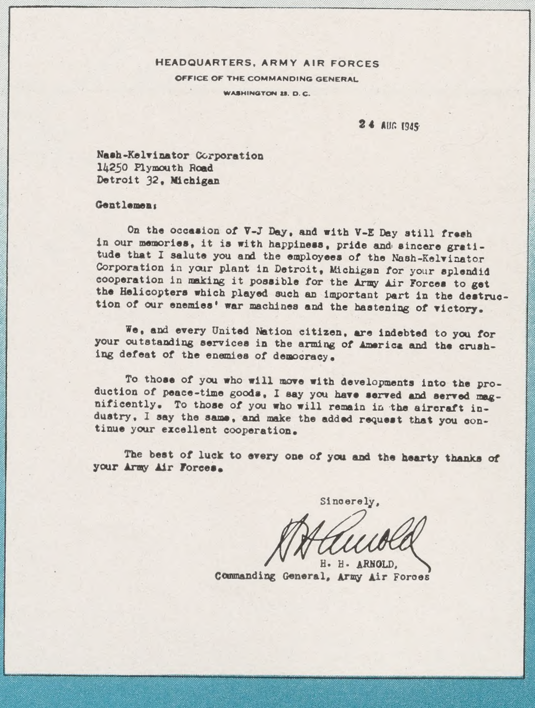
I know that the long years of peace to come hold many good things in store for such a basicly sound business as yours, and I also know that you will derive constant satisfaction from the important part you have played in the successful termination of the war. Those of you who remain to produce post-war equipment will be welcome members of our permanent family, and I ask for your continued cooperation.

I send to you the best wishes and hearty thanks of your Army Air Forces.

Sincerely,

H. H. Arnold

H. H. ARNOLD,
Commanding General, Army Air Forces



HEADQUARTERS, ARMY AIR FORCES
OFFICE OF THE COMMANDING GENERAL
WASHINGTON 25, D. C.

24 AUG 1945

Nash-Kelvinator Corporation
14250 Plymouth Road
Detroit 32, Michigan

Gentlemen:

On the occasion of V-J Day, and with V-E Day still fresh in our memories, it is with happiness, pride and sincere gratitude that I salute you and the employees of the Nash-Kelvinator Corporation in your plant in Detroit, Michigan for your splendid cooperation in making it possible for the Army Air Forces to get the Helicopters which played such an important part in the destruction of our enemies' war machines and the hastening of victory.

We, and every United Nation citizen, are indebted to you for your outstanding services in the arming of America and the crushing defeat of the enemies of democracy.

To those of you who will move with developments into the production of peace-time goods, I say you have served and served magnificently. To those of you who will remain in the aircraft industry, I say the same, and make the added request that you continue your excellent cooperation.

The best of luck to every one of you and the hearty thanks of your Army Air Forces.

Sincerely,

H. H. Arnold

H. H. ARNOLD,
Commanding General, Army Air Forces

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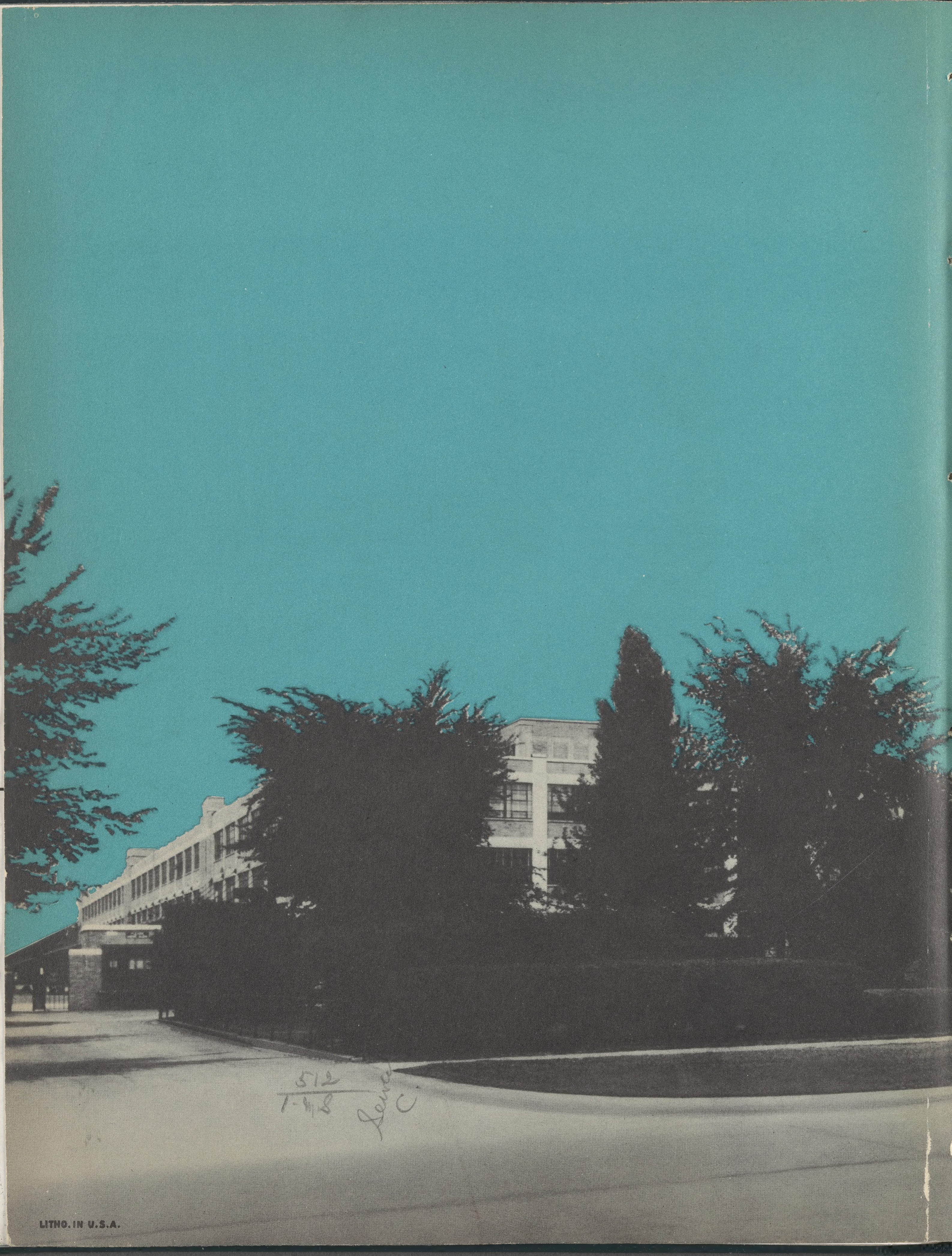

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